

## **Joint Chiefs of Staff**

### **House Appropriations Subcommittee on Defense**

#### **Hearing on the affects of sequestration and the continuing resolution on military readiness**

**26 February 2013**

YOUNG:

The hearing will come to order.

I want to say first to our witnesses today that after a long time in the Congress where all of my assignments have been dealing with national security, I continue to be tremendously impressed with the leadership of America's military. You represent that leadership and I can tell you it's really exciting to be in the same room with all of you.

We have -- you have and your predecessors have built a tremendous national security program. We're trying to keep it like that. We're trying to make sure that our readiness stays high, that our troops are well taken care of, that they have whatever equipment they need, whatever training that they need to do the mission that they're called on to perform.

So, it's just really great to -- just really great to be with all of you today.

The -- I had intended for this hearing when we first invited you to come to go a little different direction. Where are we going to be five years from now, 10 years from now, from the standpoint of a threat that appears to be growing, especially in North Africa; from the standpoint of adequate equipment, modern equipment. But I think we -- I think time has overtaken our issues today because we find ourselves with sequestration that is upon us. It's either going to happen or it's not. There's not much time left to fix it.

But one thing that appropriators must do has to do with a continuing resolution. And I am frankly very concerned that the continuing resolution, should it be extended for the balance of the fiscal year, could cause a lot of damage to our readiness, to our training, to our preparation, to our troops.

And so I think that is going to be the direction of our hearing today. And I want to, for the audience, introduce from the Army, General Ray Odierno, CNO Admiral Jonathan Greenert, Marine Commandant James Amos, Air Force Chief Mark Welsh, and National Guard Bureau, who now sits with the chiefs -- and we can say congratulations to you -- General Frank Grass.

Thank you all for being here. And before I yield to Mr. Rogers, I want to yield to Mr. Visclosky for any opening statement that he would like to make. And then we're going to move right on into the subject.

VISCLOSKY:

Mr. Chairman, thank you very much. And I appreciate your mentioning the continuing resolution because unfortunately people are very focused today on sequestration, which is a fundamental problem, but the fact is that we are today governing this country by looking backwards.

I join the chairman in welcoming the five gentlemen before us. I deeply appreciate your time, your commitment and your service. We look forward to also hearing of your expertise.

Mr. Chairman, I have a longer opening statement, but will simply conclude by saying that I am appalled that all of us are meeting here today and not having a hearing on the fiscal year 2014 budget, and the incredible time that you have had to waste dealing with these issues, that the chairman, the members of this committee, the staff has had to waste dealing with this issue.

I also believe that this is a complete abdication of congressional responsibility to be a check and balance and to make financial decisions. And I regret that Congress no longer legislates, but it lurches from crisis to crisis.

So again, Mr. Chairman, I deeply appreciate you bringing us together today to try to resolve the issues that are before us, and would yield back my time.

YOUNG:

Mr. Visclosky, thank you very much.

And if you don't mind, we're going to -- it's a little change in the usual routine. I'm going to ask that you hold your opening statements until Mr. Rogers makes his presentation. And the reason is that he has a meeting with the speaker and the leadership in which he's trying to persuade them to understand the importance of not carrying forward on another six-month C.R.

So, if that's OK with you, I would recognize Chairman Rogers, who has been working really hard on putting this program together. And we think it's -- it's a way to solve some of the problems.

Mr. Rogers?

ROGERS:

Mr. Chairman, thank you very much for -- for holding the hearing, and also for the recognition to allow me to go before the witnesses speak.

So, first of all, good morning and welcome to the committee. This hearing is -- is critically important. As I speak, this week our national defense will face serious and dangerous sequestration cuts, as well as potentially damaging constraints if the current deal de- funding structure is simply extended for the remainder of the fiscal year.

Twin threats -- first, the C.R., which will hit on the 27th of next month, and then, of course, sequestration.

But today, I want to focus your attention, if you will, on the C.R. and -- and what you need for the balance of this year, whether it's a date-change-only C.R. or whether it's incorporating the bill, the defense bill and the MILCON-V.A. bill that passed the House overwhelmingly and was agreed to by the Senate, bipartisan agreement. And we want to try to substitute those two bills into the C.R. for the balance of the year, which would give you a lot more flexibility than you now have.

It's not within this committee's power to solve sequestration at this time. It is within our jurisdiction to try and help loosen the chains and allow the department some funding flexibility in order to do its best with what it has. To this end, two weeks ago, as the chairman said, I proposed a plan to craft a continuing resolution for the entire government that would include a full year defense appropriations bill.

These two individual bills, as I said, have bipartisan support. They were conferenced with our Democrat and Republican counterparts in the Senate. They've been completed and laying there since last December. If enacted, this package will avoid a government shutdown, while prioritizing DOD and Veterans programs, and ensuring some much- needed funding flexibility in what you do, being able to move monies around from different accounts where it's absolutely imperative that you do that, and also saving a lot of money, I believe.

I know that Chairman Young shares this goal. I sincerely applaud his leadership on this subcommittee and his unwavering support for the people and missions of our military.

It's crucial that the committee receive the best information possible regarding DOD's funding challenges under both sequestration and the C.R. And we want to hear that directly from you. And I want to welcome each of you to this storied room.

For several of you, this is your first time testifying before this subcommittee. We look forward to hearing directly from you, hopefully now unshackled from OMB's gag order. I don't have to tell you that the members of this subcommittee know that you come representing thousands of our fine servicemen and -women and their families. We must begin by acknowledging their service, dedication, sacrifice to the country that we live in, and we reaffirm our commitment to providing

them with the tools, training and support necessary to carry out vital security missions throughout the world.

It is under that yoke of responsibility that our nation and our government face unprecedented fiscal challenges, particularly for the Department of Defense. Like many of my colleagues, I believe sequestration is both terrible politics and terrible policy. It will have a devastating effect on important programs and services, most notably taking its toll on our servicemen and -women and our defense capability.

The president's sequestration approach represents a haphazard, negligent and indiscriminate approach to governing; an abdication of leadership, if you will. As you men know, leadership is about making choices, tough choices. Sequestration is about not making choices.

I had hoped our commander in chief would have put forward an acceptable alternative to this near-term disaster, but we're all still waiting. Last year, the House voted twice to resist these across-the-board cuts, only to have the White House criticize and disparage. These cuts will gravely impair the Defense Department's mission capabilities, troop training, equipment and supply lines, research and development efforts, and our overall readiness.

Today, it's my hope that we can have an honest and open dialogue to discuss the very real impacts of the pending sequestration, exactly where cuts will occur, and the forced steps the military is taking to mitigate these effects. No question, cuts can be made to nearly each and every department, but this approach will certainly lead to more costs, not less, and less 21st century security, not more.

ROGERS:

Secondly, the Department of Defense is wrestling with the possibility of a year-long continuing resolution. As I said before, while final decisions have not been made, I am proposing to include both the completed defense and MILCON-Veterans conference reports in a C.R. agreement for the balance of the government for the balance of the year in order to protect critical functions of our defense and help ensure our country's safety in these very uncertain times.

This proposal would also have the benefit of saving billions of taxpayer dollars. Under a straight date change (ph) C.R. extension, without these bills attached, billions in potential savings would be lost or unnecessarily wasted.

For example, savings from closing out programs that have exceeded their usefulness will not be realized, new multi-year procurements which save both time and money would not be permitted, and programs delays or disruptions for hundreds of programs will result in price increases.

I think it's clear that this nation is facing some very hard choices. It's up to Congress to pave the way for our financial future. And it's up to the committee to do what we can in the short term to make the most of a difficult situation.

That's one reason why it's essential that we hear what you have to say today. And I want to encourage you to be as frank as you can. These are frank times.

The deadline is upon us. Decisions will be made in hours on the future of the country.

And so I -- I urge you men of expertise and leadership, people who are used to making decisions, to let us know the basic facts so that we can make the right decisions with you.

So, Mr. Chairman, on to the business at hand, I know this is slightly unorthodox, but I do have to leave shortly. I can stay for some time.

But I want to be sure that we get the answer to the following question from each of you, yes or no: Would you say that it's critical that Congress pass a full-year defense appropriations bill for fiscal '13?

So when it comes time for the answer, Mr. Chairman, I would hope that we could hear...

(CROSSTALK)

ROGERS:

Could I even ask for a hand right now?

(UNKNOWN)

Yeah, they're ready to do it right now.

YOUNG (?):

That's fine. It's your time.

(LAUGHTER)

ROGERS:

Well -- well, let me ask the question then.

Generals?

(UNKNOWN)

Yes, Chairman.

(UNKNOWN)

Yes, Chairman.

(UNKNOWN)

Yes, Chairman.

(UNKNOWN)

Yes, Chairman.

ROGERS:

You're saying to me that it's critical to the nation's defense that we pass the C.R. with the House- and Senate-passed appropriations bill for DOD-MILCON-veterans. Is that correct?

(UNKNOWN)

Yes, sir.

(UNKNOWN)

Yes, sir, that's correct.

(UNKNOWN)

Yes, sir.

(UNKNOWN)

Yes, sir.

(UNKNOWN)

Yes, sir.

ROGERS:

Mr. Chairman, I thank you. I'll be able to carry this conversation we just had into the meeting with leadership in just a few minutes.

YOUNG:

Well, Mr. Chairman, thank you very much for the effort that you have made to put this package together, because you know we have been trying to get the defense bill on the floor for final consideration for a long time.

And I -- I -- Ms. Lowey, the (inaudible) ranking member on the full committee has joined with us.

And, Ms. Lowey, I yield to you.

LOWEY:

Well, thank you very much, Mr. Chairman.

And I would like to say to Chairman Rogers, who I know believes in regular order, if we could sit down, just a couple of us, we could work something out and come up with a fair solution. And I'm glad to see you shake your head on that one. I wish we could do it that way.

And it's an honor for me to be here today, and I would like to thank Chairman Young and Chairman Rogers and Ranking Member Visclosky and all the members of the subcommittee for holding today's hearing.

The topic is certainly timely. And with just three days left until sequestration occurs, Congress needs to work together to avoid across-the-board cuts which risk our economic recovery and national security.

If it would help, I'd say that again. I think it's essential that we avoid this disastrous proposal. Excluding sequestration, in the last two years, Congress has reduced discretionary spending by more than \$1.5 trillion.

And now, even after we made such deep reductions that discretionary spending is on the path to be at the lowest percentage of GDP in the last 45 years, we face additional cuts through sequestration. The priorities of the Appropriation Committee from national defense to education to biomedical research cannot absorb an additional \$1 point trillion (sic) blow.

I don't believe anyone on this subcommittee wants across-the-board cuts. Although we are fast approaching the March 1st deadline, Congress could prevent \$85 billion in cuts from occurring by passing a balanced approach -- a balanced approach -- this week that closes tax loopholes, trims entitlements and minimizes growth in future spending.

As we listen to the testimony from our distinguished witnesses on the grave impact on each service, we should also keep in mind the overall economic impact.

CBO projects sequestration will cut economic growth in 2013 by one-third -- cut economic growth by one-third. A study from George Mason University projects a loss of 2.14 million jobs.

Our economy is recovering. Now is not the time to absorb an additional \$85 billion in cuts.

For the Department of Defense and all other departments and agencies, the affects of sequestration could be compounded by the affect of a continuing resolution that does not update budgetary priorities.

Our soldiers, sailors, airmen, Marines can be called upon on any time, on any day, to defend our nation. We have a responsibility together to set aside our ideological differences and provide them with the resources they need.

I would also like to take a moment to commend General Grass on the response of the Guard during superstorm Sandy. And we are so appreciative. The New York National Guard deployed approximately 4,000 soldiers to assist first responders with equipment, supplies, search and rescue, and clean-up efforts.

Due to sequestration, New York alone is looking at a furlough of 12,000 Defense employees and a reduction of \$108 million to Army base operations.

This could certainly impact the Guard's ability to maintain a top-notch force.

Again, I look forward to the testimony from our witnesses. And I don't think we should lose sight of our shared goal. Working together in a bipartisan way for the future of our country, for the strength of our economy, we must prevent sequestration.

I yield back. Thank you.

YOUNG:

Ms. Lowey, thank you very much for your statement, and thank you very much for being here.

And I think you know very well that this subcommittee has always approached its responsibilities in a very, very non-political way. And so we -- we appreciate your statement on that attitude.

Now, we're going to go to the regular order now, and I would invite General Odierno to make any opening statement he would like to make, respond to Chairman Rogers and Ms. Lowey, or your own statement. But we are here to hear from you, because it's essential that you and your forces have what is needed to keep this nation strong.

ODIERNO:

Thank you, Chairman Young, Chairman Rogers, Ranking Member Lowey, Ranking Member Visclosky, the rest of the committee, thank you so much for allowing us to be here today to have this very important discussion.

Nearly 18 months ago, I was asked and charged to be the chief of staff of the Army, to run this Army, and asked to provide my best military advice, and I will do that today as we discuss this very complex issue.

I've had the opportunity over the last several years to command at every level in combat -- division, corps and theater level. I know what it takes to ensure that our sons and daughters are prepared for war. I know what it takes to grow leaders in our Army. I know what is required to send soldiers into combat. And I've seen firsthand the consequences when they are sent unprepared.



I began my career in the '70s, in a hollow Army. I am determined that I will not end my career in a hollow Army.

Every day, events across the globe remind us that we live the most unpredictable and dynamic security landscape that I've experienced in my career. Unlike post-conflict drawdowns in the past, we do not see any peace and stability and dividend in our future.

Instead, right now the Army has almost 60,000 people deployed in Afghanistan and another 22,000 deployed in other places within the Middle East, Kosovo and other places, and more than 91,000 soldiers foreign-stationed (ph) across the globe.

It is these very soldiers who will suffer the most under these budgetary cuts. We simply do not know when we'll be asked to deploy soldiers to fight again, but history is very clear on this subject: We will ask them to deploy. Our men and women again will ask to provide security for this nation when it's at risk.

We owe it to them and the American people to ensure that our soldiers are ready, and when we ask them to respond to the next war, the next crisis, the next natural disaster, that is our charge together -- to ensure they are ready to respond.

In my opinion, the greatest threat to our national security is the fiscal uncertainty resulting from a lack of predictability in our budget cycle over the last several years.

In addition to the \$170 billion in cuts to the Army levied by the Budget Control Act of 2011, the combination of the continuing resolution, a shortfall in overseas contingency operations funds for Afghanistan and a sequester, in fiscal year '13 has resulted in an \$18 billion shortfall for the Army's operation and maintenance accounts, as well as an additional \$6 billion cut to all other programs. All of this will (inaudible) of this year.

ODIERNO:

Our top priority is to ensure that our forces in Afghanistan and Korea have the resources required to execute their missions. But these cuts will have grave consequences and immediate impact on the readiness of our remaining forces.

We will curtail training for 80 percent of our ground forces. This will impact a unit's basic war-fighting skills, induce shortfalls across critical specialties, including aviation, intelligence, engineering, and even our ability to recruit new soldiers into the army.

Sequestration will impact our ability to provide properly trained soldiers in Afghanistan in 2014. And it will have significant near and long-term impacts on U.S. Special Operations command and their ability to support special operations. We have directed an immediate army-wide hiring freeze, and we've terminated 3100 temporary internment employees. We will furlough up to 251,000 civilians for up to 22 days.

The army provides 48 percent of all DOD, civilian, and military medical services, and our valued civilian employees represent as much as 60 percent of the army's workforce at our medical treatment facilities, three times that of our sister services. Thus, the civilian furlough will mean that our soldiers and family members will experience degraded access to medical care.

We will cancel third and fourth quarter depot maintenance, which will result in the termination of an estimated 5,000 employees, a significant delay in equipment readiness for six divisions, and an estimated \$3.36 billion impact to the communities surrounding our depots. If sequestration is implemented, over 10,000 employees could be affected next year.

On our installation civilian furloughs, a 70 percent reduction in base sustainment funding and the elimination of contracts will strain our ability to protect our army family programs. If sequestration is implemented, we will be forced to reduce funding for our schools, our daycare centers, family assistance and community service programs, family and substance abuse counselors and tuition assistance for our soldiers.

Police (ph) for fiscal year '14 and beyond, sequestration will result in the loss of at least an additional 100,000 personnel soldiers from our active army, the Army National Guard and the U.S. Army Reserve. Combined with previous cuts that have already been approved, this will result in a total reduction of, at least, 189,000 personnel from the army, but will probably end up being higher than that, probably closer to 200,000.

A reduction of 14 percent of the army's end strength will equate to almost 40 percent reduction in our brigade combat teams, an excess U.S. base installation infrastructure. Sequestration will result in delays to every one of our 10 modern -- major modernization programs.

Since 2008, the total army budget will have been result by over 45 percent. If sequestration is enacted, it will be greater than 50 percent. That is a number greater following any war that we've been involved with since World War II.

In my opinion, sequestration is not in the best interest of our national security. It will place an unreasonable burden on the shoulders of our soldiers and civilians. We will not be able to execute 2012 defense strategic guidance. And we are compromising the future readiness of the Joint Force, the army, and our ability to provide for the security of our nation today.

I understand the seriousness of our country's fiscal situation. We have, and we will continue to do our part, but we simply cannot take the readiness of our force for granted. If we do not have the resources to train and equip the force, our soldiers, our young men and women, are the ones who will pay the price, potentially with their lives.

It is our responsibility, the Department of Defense and Congress to ensure that we never send soldiers into harm's way that are not trained, equipped, well-led, and ready for any contingency to include war. We must come up with a better solution.

And I'll just add that, over the last week, we have done detailed analysis of how we would implement the \$18 billion shortfall in '13, which includes \$6 billion in continuing resolution, about \$5 to \$7 billion in OCO shortfalls for Afghanistan and \$6 billion, approximately, for sequestration. And all those things I just mentioned, we're still \$4 billion short in paying the entire bill. So there'll be more things that we will have to do that we're still trying to figure out.

So this is very serious, and I ask your assistance in helping us. And any help to include the flexibility that would help us eliminate the \$6 billion shortfall we have in continuing resolution would be significant for the army. It would at least solve one third of the problem that we have today.

So thank you very much for allowing me to testify, Mr. Chairman.

YOUNG:

Mr. Chairman, thank you, very much for a powerful statement. And I want to know -- you to know that this committee will -- we're pushing hard to try to break through some of the walls that we have to break through, because we agree and we understand what you're telling us.

Purpose -- one of the purposes of this hearing is make the point as often as we can for those in higher appointees that can pay attention to what you're telling us and what we're hearing from you. So, thank you very much, sir.

Admiral Greenert, we'd love to hear your view from the Chief of Naval Operations.

GREENERT:

Good morning, Chairman Young. Good morning Chairman Rogers, Ranking Member Lowey and Ranking Member Visclosky. Distinguished members of the committee, I want to thank you for the opportunity to testify and to have a discussion with you all today.

Chairman, when I last appeared before you, I declared that there were two important qualities of our naval forces that we will operate forward at the maritime crossroads of the world. And that is that we'll be where it matters, and that we'll be ready when it matters.

This remains our mandate. Your Navy and Marine Corps are uniquely qualified to respond immediately to crises, to assure allies, and to build partnerships, and to deter aggression. But these qualities and their values are at a risk by the fiscal uncertainty that we now face. Our near-term concern is degraded current readiness caused by a combination of sequestration and the lack of an appropriations bill in fiscal year 2013.

But this is -- not just a 2013 phenomenon. Without congressional action, it's going to have an irreversible and debilitating impact on our Navy, your Navy's readiness through the rest of the decade, as you spoke to earlier, Chairman. In the near-term, we will not be able to respond in the

way the nation has expected and depended on us. We should make that decision consciously and deliberately.

Now, three symbolic, but not all-inclusive, examples of this near-term impact are the delays of the deployment of the Carrier Strike Group Harry Truman, the delay in the overhaul of the carrier Abraham Lincoln, and the delay in the initial construction of the carrier John F. Kennedy. Now, these are just carriers, but it impacts operations, maintenance, construction, right off the bat.

These represent the kind of decisions that we're going to have to make over the coming weeks. And they will not come without significant consequences to our people, to the defense industry, and to the local economies. The \$8.6 billion shortfall that confronts us in our operations and maintenance account has compelled us to cancel ship and aircraft maintenance, reduce operations, curtail training for forces that will soon deploy, and eNotify 186,000 of our civilians of a possible furlough.

These actions will enable funds for continued operation of forces that are currently forward deployed. But we will have inadequate surge capacity at the appropriate readiness level where it matters, and when it matters. We need an appropriations bill for this fiscal year that will allow the department to distribute resources in a deliberate manner.

Now, alternately, if a year-long, continuing resolution is inevitable or the result, we definitely need the means to allocate or realign funds across our programs to provide funding for the most critical operations. Delay in reallocation of resources results in irreversible actions such as ship and aircraft maintenance, and such as training cancellations, both cancellations.

We've lost \$600 million in February because of irreversible -- just lost opportunities, and through the month of March, if we don't have the -- that opportunity to reallocate funds, it would be another \$1.2 billion, and it just continues to grow and cascade as we go through the summer.

Now, Mr. Chairman, I know this committee is dedicated to the men and women of our military and to their families, but our folks are stressed by the uncertainty about their jobs, their operational schedules, and, more importantly, their future.

I appreciate the opportunity to testify and have a discussion on their behalf. And as -- as Chairman Rogers said, I'm proud to represent these dedicated people and their sacrifice. Thank you in advance for your efforts in this, and that of this body in trying to avert this real readiness crisis.

Thank you, sir.

YOUNG:

Admiral, thank you so very much for a very important statement. And we have met with you off and on on that very issue on having the naval assets that all of the other services really need. So thank you very much.

General Amos, I'm very, very anxious to hear from the Marine Corps, sir.

AMOS:

Chairman Young, Ranking Member Visclosky, Chairman Rogers, and Ranking Member Lowey, thank you for the opportunity to appear before you today to discuss the impacts of continuing resolution and sequestration on your Marine Corps.

I'm struck as I sit here among my colleagues, there's five of us, and we represent over 180 years of service to our nation and the defense of our nation. We take that responsibility seriously, as you do in your committee.

Speaking today principally as a member of the Joint Chiefs of Staff, sequestration, by its magnitude, its timing, and its methodology will have a devastating impact on our nation's readiness, both short term and long term. Combined with the effects of the existing continuing resolution, sequestration creates unacceptable levels of risk in four main areas.

First, risk to our national strategy. Second, risk to our forces. Third, risk to our people. And lastly, risk to the United States of America. Regarding risk to our national strategy, maintaining a sound, international economic system and a just international order are the foundations of our nation's defensive strategic guidance. The effects of disruption to this global order can be seen in a volatile energy crisis (ph), fluctuating global markets, unacceptable sovereign behavior, and economic decline.

Failing to provide leadership in the collective security of this global order will have significant economic consequences for the people of America. Worse, a fiscally driven lapse in American leadership in foreign engagement will create a void in which old threats will be left unaddressed, and new security challenges will, no doubt, find room to grow.

There should be no misunderstanding. The combined effects of continuing resolution and sequestration will have a deleterious effect on the stability of global order, the perceptions of our enemies, and the confidence of our allies.

AMOS:

Sequestration, viewed solely as a budget issue, would be a grave mistake. In fact, it would border on irresponsibility. Our collective actions in the next few months will be scrutinized on a global stage where ever the perception of a disruption of our nation's willingness to protect its global interests can and will have strategic consequences.

Regarding risk to our forces, the linkage between resources and readiness is immediate and visible. The scale and agnostic implementation of sequestration will have devastating impacts on readiness. Sequestration will leave ships in port, aircraft grounded for want of necessary maintenance and flying hours, modernization programs canceled, and units only partially trained in reset after 12 long years of combat will be left unattended.

Because of our special role as America's crisis response force, Marines place a high premium on readiness. I have done everything within my authorities to date to preserve the tenants of a ready Marine Corps. I will continue to do so.

Under continuing resolution, I have kept deploying units ready, but only by stripping away the foundations of the long term readiness of the total force. While these short term adaptations are possible, the enduring effects of these decisions puts the future health and readiness of the force at risk.

By the beginning of next year, more than 50 percent of my tactical units will be below acceptable levels of readiness for deployment to combat. In a very real sense, we are eating our seed corn to feed current demands, leaving less to plant for the long term capabilities of the force. This pattern inevitably leads to a hollow force, and its impacts are already being felt under the continuing resolution.

The most troubling and immediate risks are those that sequestration imposes on our people. Sequestration does not hurt things, it hurts our people. The qualitative edge the American servicemember takes to the battlefield is a fundamental advantage that differentiates our forces from our enemies. This qualitative combat edge will be severely eroded by the impacts of sequestration, leaving America's men and women with inadequate training, degraded equipment, and reduced survivability.

While military paid allowance have been exempted in this round of sequester, the quality of life for the all volunteer force and their families, will inevitably suffer as we reduce family programs and installation maintenance.

Our civilian Marines will likewise be impacted. Ninety-five percent of our civilian work force is employed outside of the national capital region. They are the guards at our gates, our financial experts who help build and manage our budgets, our acquisition specialists, the therapists who treat our wounded, the experts who repair our equipment, and the teachers who teach our children. The economic impact to these families and their local communities are put at risk by short term furlough, and long term termination.

Protecting our ability to keep faith with our families and our wounded warriors is a top priority in my Marine Corps, but even this, the most sacred of responsibilities, will be increasingly placed at risk under sequestration.

In closing, allow me to articulate one more risk, the risk to our nation. In the final analysis, sequestration potentially asks the most from those who have borne the greatest sacrifice. The effects of sequestration over the next 10 years will threaten the foundations of the all volunteer force, putting the nation's security on a vector that is potentially dangerous.

It will dramatically shape perceptions of our government as both an employer, and as a customer, thereby reducing confidence throughout our institutions. These are strategic matters that demand our immediate attention, and I urge this committee to consider the full range of risks created by this legislation and continuing resolution. And I ask for your assistance in mitigating them to the extent possible.

Mr. Chairman, thank you. I look forward to the opportunity to answer your questions.

YOUNG:

General, thank you very much. Your emphasis on the word risk is something that you and I have talked about for quite some time. We have got to get rid of the risk and the uncertainty as it relates to our national defense. And I can tell you that having worked on this committee for a long, time, we want to eliminate those risks.

We're -- as I said earlier, we're -- trying to get our message through, and what you all are telling us today is -- helping with that effort to -- break the wall, and get -- the message through.

Thank you (inaudible) very much.

General Welsh.

WELSH:

Thank you Mr. Chairman, Ranking Member Visclosky, and members of the committee for allowing us to attend this hearing. All of us consider it an honor to be here.

Chairman Rogers, for you, and Ranking Member Lowey thank you so much for the additional privilege of appearing before you.

I'd also like to add my thanks to this subcommittee and to the greater committee for the tremendous work you've done over time in supporting our military forces. You understand the context of this discussion, which is why I think we're happy to be here today.

I agree with everything you've heard already and I won't belabor the points that have been made. Sequestration will have an abrupt and alarming impact on people, readiness, infrastructure, and eventually on modernization in the Air Force. For us, it represents a potential \$12.4 billion top line reduction in fiscal year 2013, and of course effects every account and every program.

If it occurs, it will significantly undermine your Air Force's readiness and responsiveness today. It will significantly impact our civilian work force in the coming months, and its impact on modernization will clearly affect our future capability.

The arbitrary cuts will force an involuntary 20 to 22 day furlough for up to 180,000 Air Force civilians. And what that means to me is 31.5 million man hours of lost work and specialized skills and expertise for the remainder of this fiscal year, not to mention the personal impact on those individuals and their families.

It'll also result in a loss of over 200,000 flying hours. Now that doesn't mean a lot to people. Let me explain to you what that means in operational terms.

We will protect flying operations in Afghanistan and in other contingency areas. We'll protect nuclear deterrents and initial flight training, but roughly two-thirds of our active duty combat air forces will begin scaling down home station training beginning in March. And they'll drop below acceptable readiness levels, by our definitions, by mid May, and most will be completely non-mission capable as a unit by July, requiring at least six months to return to the present training levels beginning in October, assuming the funding to do so.

It will also cut 30 percent of our remaining weapon system sustainment funds, which means we'll postpone almost 150 aircraft and 85 engines from depot inductions, creating a back log that can take years to recover from as you well know.

Strategic agility and responsiveness require a high state of readiness from the Air Force. Sacrificing that readiness jeopardizes the many strategic advantages of air power that this nation enjoys. Sequestration will have an almost immediate effect on our ability to respond to multiple and current operations around the world, something we've been asked to do alongside our sister services many times in the past.

Longer term, beyond this year, sequestration cuts the Air Force modernization programs will impact every one of them. These program disruptions will over time cost more taxpayer dollars directed by contract restructures, program inefficiencies, raised unit costs, and belayed delivery of validated capabilities of the war fighters in the field.

The Air Force, of course, is long overdue for a reconstitution following two decades of wars. Our inventory still includes aircraft from the 1950s, and our force is as small as we've ever been since becoming a separate service in 1947. And now we find ourselves stuck in the unenviable trade space between readiness and modernization. And we need your help to get out.

I urge you to do all that's necessary to avert the arbitrary cuts of sequestration and pass an appropriations measure for the current fiscal year, but if sequestration is inevitable, then I heartily applaud the efforts that we've already heard from -- about this morning to at least grant us whatever flexibility is possible in terms of reprogramming authority, relief from measures like



the depot 50-50 rule, the 80-20 rule, and other restrictions that limit our flexibility to mitigate the significant impacts of both sequestration and a year long continuing resolution.

This is clearly an unusual budget environment, and I believe unusual measures are worth considering this year. Thank you again for allowing us to be here, and I look forward to your questions.

YOUNG:

General, thank you very much for your statement, we -- we really appreciate what you had to tell us. We believe they will pay strict attention.

I'd like to introduce General Grass. You know, in today's world, without the Army National Guard and without the Army Reserves a lot of things that we're doing that we could not do and so General Grass, we understand the importance of the organizations that you lead, and happy to hear from you at this point.

GRASS:

Thank you Chairman Young, Ranking Member Visclosky, Chairman Rogers, and Ranking Member Lowey, and members of the subcommittee, thanks for the opportunity. It's a real privilege and honor to be here today in representing the 460,000 Army and Air National Guardsmen.

In my 43 years serving in military uniform mostly with the National Guard, I've witnessed our transformation from a strategic reserve into a premier operational force. The Army and Air National Guard capabilities, compatibility, combat experience, and operational relationships with all of our military services has been incredibly valuable to our nation, to our states and territories, and the District of Columbia.

The current complex fiscal environment marked by the promise of a year long continuing resolution and combined with the threat of sequestration puts the readiness of this operational force at risk. The budget uncertainty is already degrading our ability to provide ready forces to meet our domestic and overseas missions.

I provided the 54 adjutants general with a summary of near term majors to assist them to mitigate budget risk and threats to readiness. Examining and reducing overhead, curtailing and canceling conferences, not renewing temporary civilian personnel, implementing hiring freezes, and reducing aircraft flying hours are now in effect.

The National Guard rapidly expands the capability and capacity of the active component when called to federal service, as well as supports civil authorities in the 54 states, territories, and the District of Columbia. We provide organized, disciplined and properly equipped military units on a very short notice to support first responders.

As typified in last week's snow storm response in the Midwest, most notably in 2012 in response to Hurricane Sandy governors were able to put thousands of Guardsmen on the ground within hours to come to the aid of citizens. We were able to do this because of the institutional procurement, training, educational and depot level maintenance programs the Army and the Air Force provide us with. Reductions in these critical areas will have an immediate impact on National Guard readiness.

GRASS:

In a matter of months our readiness as an operational force the nation's defense, and as -- as an immediate homeland response capability will be eroded. For example, the Air National Guard is currently delaying until the 27th of March and rescheduling induction of aircraft and engines into the depot maintenance program because of our lack of flexibility to manage O&M dollars currently under the continuing resolution. This delay will return these assets to their units late to need.

Cuts to facilities sustainment, restoration and modernization will degrade an already aging infrastructure. The continuing resolution prohibits any new starts in military construction, further threatening our Army modernization program. The quality of facilities located in 3,000 communities across the states directly impacts readiness and our ability to quickly respond to disasters across the country.

Further, because of the real responsibility of -- real possibility of sequestration, thousands of Americans who support the National Guard on a full-time basis are likely to face furlough of up to 22 days. This would equate to losing 9 million man-hours of productivity, especially in our maintenance and areas of training.

Our military technicians who work alongside our civilian personnel would sacrifice, as well as all of DOD, almost 800,000 DOD employees, would lose up to 20 percent of their pay for five to six months. Potential furloughs and shortfalls in operations and maintenance, funding impact on our aviation, will be the first to fall.

We anticipate a reduced level of readiness by our pilots because of reduction in instructor pilot training, as well as our ability to get pilots and to training at a time we're going through major structure changes in the Army -- or the Air National Guard, but the Army National Guard aviation will be affected as well. Aviation is one of the essential 10 our governors rely upon during disasters. This will be degraded as resources are prioritized to those deploying to the fight.

Additionally, preparations and training of nearly 13,000 soldiers and airmen assigned to units given the mission to respond to chemical, biological, nuclear, terrorist attacks, or industrial accidents in the homeland will suffer as exercises and training events are delayed or canceled by reductions in operations and maintenance funding.

The fiscal situation today and after the 1st of March will have a measurable and dramatic negative effect on critical National Guard capabilities and our ability to rapidly respond to both domestic and federal requirements.

Chairman, thank you for the opportunity to be here today. I look forward to your questions.

YOUNG:

General, thank you very much.

Thank all of you very much. This has been a very powerful hearing so far. I just wish that everyone in our country could hear the real story, as you have told us here this morning. So thank you for that.

I'm first going to yield -- do my very best to get every member in for questions. I want to first yield to Mr. Visclosky.

VISCLOSKY:

I appreciate the chairman yielding. I would yield to Ms. Lowey at this time.

Thank you, Mr. Chairman.

LOWEY:

And I thank the chair and Ranking Member Visclosky. Unfortunately, I'm going to have to leave, so thank you for giving me the opportunity.

Under normal circumstances, DOD hires 2,000 personnel per week, 44 percent of whom are veterans. Sequestration could have a significant impact on veterans employment. The Army alone plans to furlough 250,000 civilians, many of whom are veterans.

General Odierno, if you could share with us, how will your sequestration plans affect the hiring of veterans by DOD? And what other areas do you anticipate veterans will be impacted? And how will transition assistance programs be affected? Either the general or any of the others on this very distinguished panel.

ODIERNO:

Well, thank you very much, Congresswoman. The -- a couple of things. One is, first, we are doing our best to continue to ensure that we hire -- obviously, veterans have hiring priority. But as we have hiring freezes, which we have in place now, that limits us to hire anybody, to include our veterans. So it will have an impact on hiring veterans.

The more -- the more important fact is as the Army is downsizing, we expect every year now for the next five to seven years we will transition 200,000 soldiers a year from the active component,

the National Guard, and U.S. Army Reserve, out of the Army. So we're paying a lot of attention to ensuring we're able to transition them into appropriate employment.

We've stood up a soldier-for-life office that is coordinating with many of our community partners around the country to do this, but all of this could be affected as we move forward towards sequestration and our ability to help them implement the programs that we are to ensure that we have proper transition of these great men and women who served.

LOWEY:

General, I noticed you said in a letter to Congress January 14th that you talked about how you began your career in a hollow force -- "hollow Army" were the correct words -- "I do not want to end my career in a hollow Army." During your 36-year distinguished career, you commanded the Army at all levels.

Can you describe for us what it was like to begin your career in a hollow force? Provide a comparison as to what a hollow force would look like today in areas that didn't exist post-Vietnam, like cyber warfare, women in combat roles? And what do you see as the long-term consequences of a hollow force?

ODIERNO:

So, thank you very much. As -- as I started my career, what I saw was a force that was under-resourced, so they weren't able to do the training to meet the readiness levels necessary. They were -- they were undisciplined. They -- we did not have the abilities to man the force appropriately. So we had a mis-balance between end-strength numbers, readiness levels, and we weren't modernized. We were just -- we had no significant modernization programs at this time.

Then as I got in the Army in the '80s and early '90s, we went into major modernization programs. We brought in the M-1 tank, MRRS (ph), et cetera. And we started to increase our ability. We had money. We got the end-strength matched up with the readiness and the modernization programs. So we became an Army that was trained, ready, which has been executed on several occasions since then and been very successful.

What I worry about now as we move forward, we're going to again have this mismatch between end-strength and readiness and modernization. We've got to keep that in balance. There's a couple of things we have to do. One is we have to make sure that we have the flexibility to ensure we sustain this balance within the force, which gets to some of the comments on the flexibility necessary.

But in addition to that, there's a certain level of capacity that we have to sustain in order to deter. And that capacity has to be ready at all times. And it's our responsibility to ensure we have that. And that's what I worry about as we move forward under these budget cuts.

LOWEY:

Thank you, Mr. Chairman. I'll submit the other questions for the record.

YOUNG:

Thank you, Ms. Lowey.

Mr. Frelinghuysen?

FRELINGHUYSEN:

Thank you, Mr. Chairman.

Thank you individually and collectively for what you do, and thank you for looking (ph) for the men and women who serve so proudly, and for recognizing that we still have well over 60,000 serving proudly and bravely in Afghanistan and other parts of the world.

I'd like each of you -- I think General Odierno sort of commented on it initially -- to reflect on the size of your respective services. The Budget Control Act has sort of pushed down the size. We have the continuing resolution -- that affects the size of each of your forces. And certainly the sequester is going to be pretty damaging in that regard, too. Would you give us some further reflections on the size?

And let me just make one additional comment. I like taking a page out of General Amos's comments: Other nations are watching us. And of course, some of those nations are depending on us. So they're looking at how we are, shall we say, right-sizing our forces, given all of these challenges.

Thank you.

ODIERNO:

Congressman Frelinghuysen, last year, I testified that under the Budget Control Act, as we moved the Army -- the reduction of about 80,000 -- from (ph) 570,490 -- that I am comfortable with that because of the fact that our Army had grown in the 2000s based on our conflicts in Iraq and Afghanistan.

So although we were at the -- we still had some risk, and I would say at the edge of risk, I was OK with reducing our forces. But with sequestration, we will now have to reduce the Army somewhere around 100,000 people. And that would break down somewhere between 40,000 to 60,000 in the active component, somewhere between 20,000 and 30,000 in the National Guard, and somewhere between 15,000 and 25,000 in the U.S. Army Reserve.

And what that now starts to get at is our ability to respond to multiple contingencies and our ability to meet what I believe is a very uncertain future ahead of us.

FRELINGHUYSEN:

It affects deployments, obviously.

ODIERNO:

Yes.

FRELINGHUYSEN:

Admiral?

Thank you.

GREENERT:

Well, Congressman, people like to count ships in the Navy. We're more than ships, a lot more capability, but before the Budget Control Act, and I'll use 2020 because that's our benchmark year for the current strategic guidance that we have. Before the Budget Control Act, we would have had about 315 ships in 2020. After the Budget Control Act, today, we will have 295. With sequestration and the continuing resolution, to reconcile all that goes with it, we're probably looking in 2020 about 30 to 40 less ships. So you're looking at 265, 260, something like that. You know, it depends on how this all comes out, but you can see the steep reductions.

FRELINGHUYSEN:

General?

AMOS:

Congressman, we're on our way down from 202,000 Marines down to 182,000. I've testified before that I think that is, considering the future security environment, that's about the right amount. That gives us the balance to be able to have a force that's well manned inside each unit, not having that hollow unit that's ill- manned and ill-equipped.

And it also accounts for the lessons of the last 11 years of war. When the airplanes hit the building, we were 173,600 Marines. So we're on our way to 182,000. And you might say, "Well, what's the matter with 173,000?" Well, since the airplanes hit the building, we've added 3,600 Marines for Marine Special Operations Command. We've added another 2,500 Marines for CYBERCOM and cyber warriors. And that build is on its way up to about 3,500 inside my force.

AMOS:

And then we also added capabilities like human intelligence and all these capabilities that have become the lessons of war for the last 11 years. So, we're on our way down to 182,000. If

sequestration hits, to be honest with you, I'm not sure that that's the ground floor or the elevator. I just -- I don't see how we can maintain 182,000.

WELSH:

Sir, I came into an Air Force with roughly 700,000 people in it. We are now at 329,000 and going down to 326,000 during -- during the FYDP.

So we've been changing and downsizing for quite some time. Over the last 10 years, we reduced about 500 aircraft and about 30,000 airmen.

If -- our current force structure, going to 326,000, we believe matches the strategic environment as well as the defense strategy that's aligned with it.

Sequestration introduces what I believe is a very grim reality, and it causes us to kind of relook everything.

In my view, what we are going to have to do is figure out what the reliable string of numbers are for our topline. After the 10 years of sequestration, if it occurs, we're going to have to look at what kind of capability in our core mission areas will the United States Air Force need to provide the joint warfighting force 10 years from now, and realistically, within our topline, can we provide that, at what capacity.

And then we are going to have to back up to today and figure out how do we go from here to there. It will look very different from the Air Force we have today.

GRASS:

Congressman, the Army National Guard today is headed for a number of 350,000 at the end of the current drawdown. That -- we're comfortable with that number of 350,000, but realizing that that was where we were previous to 9/11, and the threats have grown -- not only have the threats grown, we also are faced with in the late '70s and '80s, even before that, especially during the world wars, we were protected by the oceans and geography.

We're no longer protected, and the demands in the homeland at a time that we have to get ready to go to war, both our Guardsmen, Air and Army, are on every contingency plan for the federal side. We want to be able to provide a capability to respond to disasters in the homeland.

Really, we're planning very closely right now with FEMA on complex catastrophes in the homeland, whether man-made or -- or terrorist. Sequestration will put those numbers at risk.

The Air Guard will settle out at about 105,000. If we take that down further, we'll have a threat to both the federal mission and the state mission.

Thank you, Mr. Chairman.

YOUNG:

Thank you, Mr. Frelinghuysen.

Mr. Moran?

MORAN:

Thanks very much, Mr. Chairman.

Let me address the impact of the sequestration, because there's no question it's going to go into effect on Friday. And there's a good chance it will be incorporated through much of the fiscal year, if not the entire fiscal year.

You've got some specific situations, though, that just have to be addressed, whatever the vehicle is.

The -- for example, your overseas contingency account, that's subject to sequestration, but uniformed personnel are not. So I don't know how you handle that.

I'll throw some of these things out and not all of you have to address it, but I'd like some of you to give us some guidance.

It -- the continuing resolution itself, that poses some real problems. If the C.R. as currently structured stayed in place for the balance of the year, the Pentagon would be substantially short of base budget operations and maintenance funds. We're told that there would be an imbalance of the military services short of no less than \$14.5 billion.

Now, I know you have more flexibility there, but there's a real shortfall right now. And if -- if we don't move a lot of programs into that, I'd like to know how you're going to deal with it.

And then, in the operations -- overseas contingency account, the Army estimates a shortfall in excess of \$6 billion due to transportation and contract requirements. The Navy has a shortfall of almost \$0.5 billion because of the additional carrier presence in the Persian Gulf. And the Air Force estimates a shortfall of almost \$2 billion.

So from an appropriations standpoint, I don't want you to have to get too much in the weeds, but we need some guidance there.

The current six-month C.R. and the OCO account and balances have led you to slow your burn rate. Now, that may be how you're going to deal with it, but I'd like to hear from you how you're going to deal with these imbalances that you're currently facing, particularly in the O&M account.

And maybe we should start with General Odierno, because you have the most substantial and you probably have the most at stake in terms of the OCO account.



ODIERNO:

Thank you, Congressman. The Army's about \$18 billion short.

MORAN:

\$18 billion.

ODIERNO:

And you outlined it very clearly. It's about \$6 billion in the -- in the continuing resolution. And it has to do with -- I don't want to get into much detail, but as you went from the '12 to the '13 budget, we moved a lot of our O&M that was in OCO to the base.

So because of that, our -- the '12 dollars, which the continuing resolution is based off of, has shorted us significantly in O&M. And so, we need authorities to be able to move that around.

And right now, DOD is limited to \$4 billion to be move around. And as you so adequately said, \$14.5 billion, I think around that number, is what our problem is. So it really causes us problems.

Now, with the overseas accounts, with Afghanistan, yes, we're reducing personnel, so they reduced the OCO money, but as you take people out of Afghanistan, as you close bases, as you have to redeploy the equipment, the amount of money necessary to do that was underestimated.

And then the closing of the LOCs in Pakistan did not help. That increased the cost.

So all of these combined has now left us a very significant shortfall. So what we'll have to do is take -- and then we have about \$6 billion in -- \$5.5 billion -- in sequestration in '13.

So we now have to do is we have to take it out of our Army O&M accounts to pay these bills. And it leaves us, frankly, after we take all of that out, we only have about a billion dollars left in O&M. And O&M accounts for running our installations, doing all our training, taking (inaudible) care of our family programs.

And so, we've had to stop training for about 80 percent of the force. We'll continue to train those going to Afghanistan. We're going to have to -- we're reducing the maintenance of our facilities on all of our installations, which will cost us more money down the road, because we didn't maintain them. And we're going to have to cut some of our programs.

So, for us, we have no choice. We have to pay -- we have to pay those bills. And so, it's going to cost us significantly, which will then, in '14, create another readiness problem, because we are going to move a lot of the things we should have done in '13 to '14, and we won't have enough money in '14 to make up for what we couldn't do in '13. So it continues to build on itself.

Thank you, sir.

GREENERT:

The Army is at \$18 billion; we're looking at \$15 billion. And that's \$11 billion due to sequestration and \$4.5 billion due to the continuing resolution. That's all in the operations account, that is, that \$4.5 billion.

So for operations, you go where the money is. And the money is in shore installation. And, as General Odierno mentioned, we bring that down to what we believe is feasible and responsible -- and we've done that.

And, again, we are slowing the burn rate, as you say.

There's a temporal aspect to this. As time goes on, and you say, "We've got to do this now or not," you got to fish or cut bait. And the Truman's deployment came up and sort of got pressed, because we said, "Well, we need to present an option to the command -- to our bosses, and say, 'We deploy it or we don't. Here's the plus; here's the minus. If we deploy it, we're concerned, because the money we use to deploy it, we will not be training -- we're deploying, we're not training the follow-on."

"So we have to look down the road, as General Odierno said, in '14, those guys won't be trained to deploy. So we'll send the Truman and not have somebody ready down the road."

So the decision was made, hold the Truman and then now we retain our 1.0 presence in the Central Command.

A lot of that going on, Congressman, where we say, "OK, what's next? Oh, a ship's due for maintenance. Well, do we send her in and commit the money, or do we hold the money? Whoops, we're going to have to hold the money." Lost opportunity.

So we've lost \$600 million in opportunity, that is, real readiness, because of decisions in February to slow the burn rate. It'll be another \$1.2 billion in March if we don't have a bill, a relief from sequestration or the ability to move money.

I'd leave one last factor in. Because of the continuing resolution, '12 moves over into '13, in our investment accounts, we have more investment than we planned in '13. If we could get access to that and move that into ops, that would certainly help some of our critical shortages.

MORAN:

That's the kind of anomaly that needs to be in the continuing resolution.

(OFF-MIKE)

AMOS:

Congressman, the -- we are sitting at, this year, a billion dollars short in O&M. just for the Marine Corps, just for operations this year.

I said in my opening statement that we value readiness, and you know that, as a -- this is a force that has to maintain a high state of readiness to be able to respond to today's crisis with today's force today.

So we have moved in our O&M accounts into operational readiness. I moved about \$400 million from facility sustainment, modernization, restoration, those kinds of accounts, equipment readiness, the ability to reset the equipment that's coming out of Afghanistan. I've still got a \$3.2 billion bill out there in the future for the reset of that equipment through the depots.

I've taken money out of those accounts and put it to my operational forces that are currently deployed to maintain their readiness at a C-1 or C-2 (ph) level, and also those forces that are next to deploy, the ones that are getting ready to deploy, to increase their readiness.

So this close to a billion dollar bill this year, I'm paying. I'm shuffling the decks on the -- on the Titanic. But that will eventually come to roost with me, next year or the year after that, as the readiness in equipment, the readiness in my facilities, the ability to be able to train back home is reduced, as I try to force readiness into the next-to-deploy units.

MORAN:

Thanks, General.

WELSH:

Sir, we have a, I hate to say just, a \$1.8 billion shortfall in OCO, because this is serious money. But compared to the -- the Navy and Army problems, clearly it's not as large.

Our intent -- we've already gotten approval from OMB to reprogram \$1.2 billion of that \$1.8 billion from our O&M accounts, which drives some of the other impacts I mentioned to you in my opening statement.

If we had the authorities and the ability to transfer across appropriations, we would take that from investment, if there is no other appropriations with the OCO bill. That's where we'd have to go. And now we're back to readiness versus modernization.

GRASS:

Congressman, our OCO account, we rely heavily on the Air Force and the Army to get our forces ready to go overseas, but also when we're returning equipment back home, the reset program, the depot programs -- and there's already a backlog there -- that will further delay getting the equipment back to our armories, back to be utilized in the homeland to respond to domestic disasters.

GRASS:

Additionally, the current C.R. is forcing our Air Guard -- and we're working closely with the -- with Mark Welsh here to be able to get some of our aircraft into badly needed depot maintenance. And those aircraft will have to be parked on the ramp longer periods this year because of no ability to transfer money and move money, even between the Air Force and the Air Guard.

Probably the more immediate impact that we're going to see is the backlog in schools, basic training, advanced individual training, pilot training that -- services need that money to keep those school slots open for us.

MORAN:

Thank you.

Thank you, Mr. Chairman.

YOUNG:

Ms. Granger?

GRANGER:

Mr. Chairman, the -- the topic of today's hearing is DOD's fiscal challenges, and we all agree that the reason we fund DOD is to provide resources, not only for equipment, but for the people needed to defend this great nation.

Today we've discussed budget challenges. And I want to focus on the veterans and the war-fighters, because they should always be our top priority, and how do we fund the critical services for our soldiers that they need when they return from the battlefield.

We must not balance these needs through sacrificing the health care of our military. I've heard directly from my constituents that the health services we provide for our wounded warriors have, at times, been inadequate. When I hear a soldier say, as he said to me, "I would rather go back to Iraq any day than go to Fort Bliss," it causes me great concern.

General Odierno, many of these complaints have come from Army soldiers. In the past year, I've heard from over 30 soldiers in my district who believe that instead of receiving a diagnosis related to PTSD or TBI, they were diagnosed with medical conditions unrelated to their service that allowed the Army to discharge them. These soldiers told me their command threatened disciplinary action if the soldiers questioned their diagnosis.

I want to make sure the subcommittee hears a story of my constituent Sergeant Allen Hill. Sergeant Hill sought treatment at Fort Bliss after suffering a brain injury in combat. The

command staff inaccurately insist that he had a non-combat related heart problem, instead. This diagnosis would allow the Army to discharge Sergeant Hill without providing treatment. After Sergeant Hill's wife contacted my office, concerned that her husband was not getting the treatment needed, Sergeant Hill was physically attacked by two officers from the Wounded Warrior Transition Unit. And these facts have all been substantiated.

In December 2012, the Army published a report of an investigation conducted by the Western Regional Medical Command in that the conditions at Fort Bliss Wounded Warrior Transition Team. This report found that ranking officers would make fun of soldiers in wheelchairs. Wounded soldiers were met with a toxic environment, and soldiers needing help were told to keep their mouths shut.

Due to (sic) the elevation of these cases, the Army has decided to conduct an outside investigation of Fort Bliss, and the commanding general has promised that improvements are underway. This is certainly progress, but the Army conducted a report last year on a similar situation at Joint Base Lewis-McChord, and we have yet to hear the results. This is too important, and our soldiers' health is too important for this to happen even one time.

General Odierno, last year our former Ranking Member Norm Dicks brought to your attention the problems at Joint Base Lewis-McChord. You're aware of the problems at Fort Bliss. Do you believe this is a systemic problem related to budgetary concerns or is it limit -- limited to a few negligent boards?

ODIERNO:

Congresswoman, first off, we take every one of these very seriously. We did an extensive investigation out of Joint Base Lewis-McChord. We just finished a second look at Fort Bliss. That was completed within the last couple of weeks to just some of the concerns that you've raised.

I -- I -- I truly believe that these are -- are, what I call, anecdotal individual events that we have to deal with to make sure that we have the right people dealing with our wounded warriors. I do not think it's -- it's about the -- the resources that we have involved with our medical care.

I believe it's about getting the right people, doing the right thing, with the right command oversight. And we take every one of these allegations very, very serious. And we continue to look at them very, very carefully. And -- and, you know, the important -- I -- I believe that, overall, our system is good. But we do have outliers. And we do have people that are not, in some cases, doing the right thing. And it's important that it gets brought to our attention so we can investigate and make sure that our soldiers get the best care.

You and me want the same thing. We want to take care of our young men and women. They deserve it all. And we'll do everything we can to ensure that happens, ma'am.

GRANGER:

We just listened today to you distinguished men and the wonderful job you do and the -- the -- and -- and impossible situation of being put in with some of the cuts that are incurring. But we have to do our very best for those who served and their treatment, and, certainly, when I looked at this, and we looked at -- over 30 cases -- it's been 64 over -- since September of 2010, and saw similar stories and statements made over and over, and we couldn't get the information we needed or information that fit their information.

We can't make those cuts in the health care of our -- of our -- our soldiers or any of the services, and we're hearing now from other services also. So please take that very seriously. And I know that you got the results of the review that Secretary McHugh ordered last year on the Army's practice of evaluating psychiatric's orders. It's -- it's -- it's complete. You know when that report will be released?

ODIERNO (?):

We're about ready to. It should be very shortly that we'll -- that we'll release that report.

GRANGER:

Thank you.

Thank you, Mr. Chairman.

YOUNG:

Ms. McCollum.

MCCOLLUM:

Thank you, Mr. Chairman.

Let me start with a quote from President John Kennedy, who said, "Our problems are man-made; therefore, they can be solved by man." This sequester's a folly. It's shameful. It's a man-made mess that's completely and wholly irreversible.

Gentlemen, I believe your dire predictions of the consequences of sequestration, on our military readiness, capabilities, and our overall national security. We are shooting ourselves in the foot, literally. Responsible leaders would put spending, revenues, tax expenditures on the table and come up with a compromise that protects the American people, because this government provides services and protection for every American.

Now, I voted against the Budget Control Act because I'm strongly opposed to the idea of passing bad laws in the foolish hope that they never take effect. When I came to Congress in 2001, the

Pentagon's budget was \$310 billion, and the federal government was projected to have a ten-year budget surplus of over \$5 trillion.

Since then the Pentagon's budget has doubled, trillions of dollars on spendings on wars, tax cuts, and programs that have all been put on a credit card. For much of the past decade, the brave Americans in uniform have been serving and fighting in Afghanistan and Iraq. Over \$1 trillion have been spent on wars, and not one penny of additional revenue was raised by Congress to pay for those wars.

To fight these wars, absolute and total sacrifice was demanded and given from military leaders here today, men and women in your command, all of your families. You've all delivered to us -- for us with honor, and I thank you.

But the rest of the American people have been asked to sacrifice nothing, to contribute nothing extra. Now this Congress, right now, is doing nothing but watching as our education, public health, infrastructure investments and military readiness are gutted. But, again, revenues are off the table, even if it results in our nation being less secure and less protected.

We have an obligation as a Congress to act. As Americans, we need to pay for the government we want, and we need to pay for strong military, for the privilege in living in a free, democratic nation. Now, if that means paying higher taxes, I guess you can tell by my comments, I'm willing to pay for that. But, instead, we'll be looking at kicking kids off of Head Start, and poor moms off of WIC.

So gentlemen, the focus of my question's going to be a little different. While military personnel account is protected from sequestration, it would appear that important services supporting military families are not protected. So my question is, what will be the effect of sequestration on military families, the spouses and the children, the quality of life of those loved ones who support our war- fighter?

For example, is it accurate to know that cuts to child development centers and impact aid to military schools will directly hit the children of service men and women? So finally, what do you believe will be the impact on retaining our best and our brightest members of the military when the fiscal mess means that their jobs are more difficult, and it undermines the well-being of their families, especially their children. How do we keep our best and brightest, gentleman?

AMOS (?):

Congresswoman, the -- we have a little over 19,000 civilian Marines that salaries come from appropriated funds. A large percentage of those, if not almost all of our folks that deal with child development centers train our children, our mental health providers, the ones that work with, not only our families that -- that feel the stress of combat, but also those Marines that return back -- Marines and sailors that return back from combat, our civilians that -- that we have hired in the

last year and a half, as a result of an emphasis to eradicate sexual assault, those -- those highly qualified individuals that are part of our team now, they're all eligible for the -- for the furlough to begin with, which will happen here shortly.

So that's -- that is going to be a 20 percent reduction in child care workers, mental health providers, teachers at those schools where we have government schools on bases, which is not a lot, but we have some. So -- so it is going to impact that. The thing that -- I mean, all of that -- the hours are going to reduce, the child care centers, if a base has five of them, two of them may close. I mean, those are the kinds of impacts that are going to happen.

But beyond that, which, I think, is the root of your question because you talked about the quality of the young men and women that -- that enter the service today and -- and their families. We recruit a Marine, we retain a family. The all-volunteer force, I think, is going to feel the strain over the next couple of years. And, I think, that's the quality that -- that -- that I'm -- I'm probably most gravely concerned about is, it will put that at risk. Those young men and women that come forward today to say, "I want to be a part of that institution." They're going to be less reluctant -- or they're going to be more reluctant to come forward in the future.

GREENERT (?):

Ma'am, we need the means to move money. And if we can move money -- we have to go where the money is right now, and this furlough is a big deal, because that seriously affects obviously the civilian personnel that work -- and these are the people that populate many of the programs that you spoke to.

But we sat down with the secretary of defense, the chiefs, and said, with the money that we have, subject to getting more authorities or getting a bill, we will assure quality of life, safety and security, we will assure that those people who are overseas, forward right now, are properly sourced. Right after that, wounded warriors and family programs. So we need the mechanisms, and we can take care of this, because it's a top priority in all of our services.

AMOS:

Congresswoman the -- you know, we talk a lot about keeping faith with our soldiers as we go through this process. We've all had many discussions about this, and this is part of it. We sent our soldiers, sailors, Airmen, Marines, they'll do anything for us, they'll -- they'll deploy on no notice. And what they want us to do is take care of their families.

But we are gonna have to cut some programs. And General Amos mentioned some of it, child development centers, you know, in the (inaudible) gonna lose flex. So we're not gonna be able to do (inaudible) child care. We'll have to reduce hours. We're gonna have to reduce spouse employment services. We're gonna have to reduce some victim advocate support to domestic violence victims, that survivor outreach support's gonna be reduced.



These are all critical issues. We don't want to reduce these, but we have no choice because it's a combination of the civilian furlough and civilian reduction that helped -- that causes this as well as the reduced funding to our installations.

And so for us it's absolutely critical, and -- and it's a very difficult situation for us right now. So we're trying to pick the most critical programs, we're trying to sustain the most critical ones, but even with -- when we sustain those, we're gonna have to reduce some of the capability within those programs.

WELSH:

Congresswoman this is an absolutely fantastic question. Thank you.

I hope you know that no one cares more about families in the United States military than the people sitting at this table. When we get together, our conversations don't start with talking about airplanes and ships and tanks. We talk about soldiers, sailors, Airmen, Marine, Guardsmen, and we talk about the impact on their families and the very difficult things that they've been doing.

The problem we have right now, at every installation our commanders are looking in all the services at how we mitigate the impacts of these things, and how we preserve the services programs, the family readiness programs, the child care support, all the things that are so important to our people. The problem is that 31.5 million man hours of furloughed work force is awfully tough to mitigate. That's where we need help. We -- we can't control that.

The other thing I'd mention is that, that work force that we're furloughing is someone else we should be keeping faith with. They haven't had pay raises over the last three years, and now we're gonna take 20 percent of their pay for the rest of the fiscal year. For the Air Force this is a pretty incredibly important part of what we do, not just in the active component, but in the Guard and the Reserve as well. A huge part of the Reserve component is a civilian work force or dual status technicians.

And so your last point about recruiting and retention, I'll just tell you this, everywhere I have been in my current job I have limited exposure compared to the other gentlemen at the table so far, but I've been to a number of Air Force installations. I've conducted chief of staff of the Air Force calls with the entire base population.

The first question in every single one of them is about sequestration, every single time. They're -- they're paying attention. They're (sic) are concerned. They know that there's an impact coming, they just don't now how it affects them.

They're not worried about the capability of the United States Air Force, they're worried about impacts to them, their unit, and their family. I think it has to have an impact over time.

GRASS:

Congresswoman, when you look at the 800,000 civilian and military technicians that we have in the Guard, the 800,000 civilian across the DOD, many of those members serve in the Reserve and National Guard as well. And there's probably 2,000 National Guard technicians deployed today.

One of the concerns that we have, and I'm sure the -- the service chiefs do as well, when these civilians and these military technicians return back to their duty assignment back home, their civilian capacity and for our Guard technicians, it's back to their armories where they serve in a civilian capacity, within months they could be furloughed.

And the young larger families -- our Guardsmen normally are bit more mature, they could be faced with losing homes, losing cars within months. And so we're watching that very closely and trying to reach out to some of the support organizations and make sure that we have that help in place when they do return.

More for the long term though, within the National Guard, we rely heavily, especially since the war's been going on, on mental health professionals that we've put in the state to help people who are on their second, third, and fourth appointment. Not just the servicemember, but also help the families deal with issues while the families are gone.

If you look at full sequestration and you look at tens of thousands of veterans coming back to your home towns, your -- to your communities the -- that -- that help will not be there for them. We're working very closely with the V.A. right now to see what -- Veteran's Administration -- to see what we can do, but that concerns us even more.

Some of those will come into the Guard and Reserve, but others will come into the home town and there won't be anything there for them.

YOUNG:

Mr. Crenshaw.

CRENSHAW:

Thank you, Mr. Chairman.

And I want to talk about something that -- ask you about something that's maybe not as glamorous, not as out front and that's the maintenance part of this equation. I've heard you all talk a little bit about maintenance. We talked about readiness, we talk about operations, men and women. All these are very, very important. But it seems like maintenance is something that is always kind of in the background.

And if we're gonna have a backlog of maintenance, whether it's ships, whether it's planes, whether it's tanks there's no area that's gonna be exempt from that. And when General Odierno

talked about a hollow military, seems like that's the first step to hollow out the military, just neglect the maintenance. And it's happened from time to time in our history.

I know in my district they have decided to cancel about \$200 million worth of maintenance contracts. I read (sic) where the Navy has said, we go along with sequester and the continuing resolution, they'll cancel all of their maintenance contracts for the next two quarters, the third and fourth quarter.

And sometimes I read that one of the reasons that happens is it's less visible, it's also considered to be the most reversible. In other words, you can skip some maintenance, but you can always make it up. And that's not where I think you want to be, and that's not where I want to be. And that's not always the case.

I can tell you first hand, there was an example again in -- in my district where there was an aircraft carrier, one of the last conventional and when it came time to deploy to the Gulf War, because they'd skipped maintenance after maintenance it -- it couldn't deploy. So they rushed and did some work and it finally deployed, and then finally the Navy decided they would just decommission the carrier -- it still had about 15 years of useful life, but it was just cheaper to decommission it because of all the lack of maintenance that had taken place.

And so it seems to me that -- and maybe I'll direct this to the Navy because numbers matter in the Navy. you talked about, it's not just ships, obviously it's a lot of great people, but if we've got half as many ships as we had 30 years ago, and then we postponed the maintenance on some of the ships, and then they can't deploy, then we got less and less assets to deploy.

And some people say, well that's OK, because they're technologically advanced and we don't need as many. And I'm sure that's true in part, but it -- it does seem like numbers matter to a certain extent.

And that's the -- kind of the thrust of my question, because if we're asking you, the Navy, to do a lot of thing, to go chase the pirates off the coast of Somalia, we're asking you to send humanitarian aid to Haiti to interdict drugs in the Caribbean, send some destroyers into the Mediterranean to defend against Iranian missiles, carriers to the Persian Gulf to -- oh and by the way, keep an eye on China, because they're flexing their muscles in the Pacific rim.

And so, it seems like the world hasn't gotten any smaller, the world hasn't gotten any safer, and the -- and the question to you, Admiral, and maybe to the other services, three simple questions.

One is, is how -- how do you decide the priorities that you're asking by these combatant commanders for these different missions? How -- how do you make that decision in terms of priorities when you only have limited assets?

Two, are there -- are there areas of -- of the world where you're presence will be decreased because of this?

And number three, maybe most important, what impact does this have on our national security and global security as well?

So if you could address those and if any other folks would like to address it as well.

GREENERT:

The decision as to where we go is a debate, if you will, that we have with the joint staff and eventually with the Secretary of Defense. And the outcome of that is my demand signal, this is what I have to provide. It's called a global force management allocation plan. It's where we distribute naval assets around here. And for me and what I bring in, I have got to be where the maritime crossroads are -- in the Gulf, in the Strait of Hormuz, in the Arabian Gulf, and the Gulf of Aden, in the Western Pacific, and down by the Straits of Malacca -- the crossroads there.

So, we sit down and we decide that, and we lay that out. That is my demand signal. So whenever there is a reduction in the budget like we have today, we sit down and say, "OK, what's the priority?" We go to the defense strategic guidance that was laid out there. So we are rebalancing to the Asia-Pacific, but the Middle East is extremely important today, because that's the lifeblood of energy and a lot of products.

So we balance those two, but my point to you, Congressman, it is a conversation had with the Secretary of Defense and the combatant commanders as well as the joint staff.

So that's kind of the areas of the world. The impact of what happens now. I have \$8.6 billion in deficit, if you will, in my operations account. Well, what will happen is we will keep the Gulf at a one-carrier strike group presence, and most of the combatant ships that are there today.

Fortunately, in the Asia-Pacific, we have 40 ships that are out there day in and day out, and that's the advantage of being, what I call, operating forward. Those ships are already there. They're in Japan. They're in Guam. They're in Singapore to a certain extent. So those ships will remain there.

GREENERT:

But the problem is as you said, if you don't do maintenance what happens then? Well, it's a debilitating effect, and you laid it out really clearly. It starts to hollow you out, that's the beginning of it. And you've got to pay this back. So sooner or later you've seen examples of it Congressman, you get down here and say, "Wow, look at that tank." Well, guess what? We should have done that maintenance years ago for \$2 million and now we're doing a \$25 million tank replacement or replating.

So, it's a debate at the level in the department, and the Harry S Truman decision was an outcome of a similar debate as to where we go. We will reduce presence in the Central Command by one carrier right now and a couple of destroyers.

We will reduce in the Southern Command to the point we won't have any ships there at the end of this year. That's tons of drugs that we interdicted last year that I guess we won't be a part of this year. Africa Command, we won't have two amphibious ships and a couple of frigates down there. Well, that's terrorism and pirates, as you mentioned before.

Similar story in the European Command -- Again, the Western Pacific in a fortunate manner, we have a number of ships there, but we still aren't supplementing them to [support] destroyers being -- ballistic missile defense destroyers.

So, a long, sordid tale that we can help reconcile if we can get some funding mechanism.

CRENSHAW:

Thank you.

Thank you, Mr. Chairman.

YOUNG:

Thank you.

In the interest of trying to get a fair balance here, I'm going to move on to another one on this side. I think we'll balance out here. So let me go to Mr. Calvert.

CALVERT:

Thank you. Thank you, Mr. Chairman.

And good morning, thank you all for your service and leadership, and the enormous impact that our budgets are -- that you operate under and for a prolonged continuing resolution and the sequestration will have on defending our nation.

One issue that I wanted to bring up, which the chairman brought up, if in fact we're able to give you some more flexibility in reprogramming. As a businessman, I would never cut the core mission of my business in order to save money because that would be counterproductive. It would cost me even more money.

And obviously, your -- your product is our national defense of our nation. Given -- if you are given enhanced reprogramming authority, with the understanding that the defense budget caps agreed to in the Budget Control Act will remain in effect, what specifically would you cut in order to ensure that your service is able to remain as effective as possible over the coming year?

I guess I'll just open that to anybody.

AMOS:

Congressman, the current force structure and where we're headed with the force structure of the future, absent C.R. and absent sequestration, coming down to 182,000, is purpose-built for the strategy that the president passed a little over a year ago -- the strategy that we all worked on and were a part of and have agreed to.

So, at this point for me to be able to say what -- what would I do without or how would I reach in and change programs and that kind of thing, I can't do that based on the current strategy. But what is going to have to happen if this sequestration and C.R. continues is that we will likely have to go back in and revisit that strategy.

And from that strategy, then, like General Welsh talked about, you figure out, OK, what are the requirements, and then you backwards- plan that and say, OK, then what is it -- what is the Marine Corps' piece of that?

So at this point, I can't answer what we would specifically go in and change because what we have is strategy-driven and we don't know what the future is going to hold with regards to a strategy.

ODIERNO:

If I could, Congressman. With the Budget Control Act, you know, we -- we developed -- we developed a strategy that was in line with the numbers that came out in the Budget Control Act. And for the Army, it's about us continuing to balance three rheostats, which is end-strength, readiness and modernization, in such a way that allows us to be able to provide the capabilities necessary to meet the defense strategy.

If we get additional cuts, sequestration specifically in this case I'm talking about, 48 percent of the Army budget is in people. So the bottom line is in order to maintain that balance, it's going to have to be the reduction of people, military and civilians. And so we're going to have to figure out what is the right balance, again, between the end-strength, the readiness and the modernization.

And what this is going to mean to us is a significant reduction in capacity. And so although we're confident we can meet the new strategy with the Budget Control Act numbers, I believe, as General Amos just said, we'll be significantly challenged to meet the strategy with the sequestration. And so we're going to probably have to do a review of the new strategy. And that will be the impact on us.

And we -- you know, it's our ability to respond to any contingency, whether it be in the Middle East or Korea. And if we're not ready, we then put our soldiers at risk. And that's why we've got to sustain that balance.

CALVERT:

Thank you.

One other concern also I have is in the acquisitions process. Obviously, we're supposed to -- we all want to save the government money, but I suspect sequestration has the potential to cost far more over the long term when you look at it contract by contract.

Can you kind of give us an idea of what we're likely to see the most in cost overruns in this acquisitions process? What mechanisms are causing these overruns? And how much -- approximately how much extra money will the government need to spend as a result of sequestration -- holding up these contracts, re-starting these contracts?

ODIERNO:

I can't give you the specific numbers, but I can talk about a few things. What we're having to do is we're having to stretch out every one of our programs. So what's going to happen is it's going to cost more per item, whether it be an Apache helicopter, whether it be a CH-47 helicopter.

Whatever system we have is going to cost more per item because we're going to buy less. We'll be stretched out longer over time, and the cost becomes more per item. So it becomes more inefficient, but that's the only way we could do it if we want to sustain these modernization programs that are necessary. I can't give you the specific number, but I will try to get that to you -- the number that is involved with that.

And then -- and then multi-year contracts. So, one of the problems with the C.R. is we can't do multi-year contracts. So, for example, we were supposed to execute a multi-year contract on CH-47 helicopter this year. We weren't able to do it. So it will now cost us more money in order to execute this program down the road, for example.

CALVERT:

Right. Well, I know you have enough problems in the acquisition process already without having to have the sequestration problem put upon you. But if you could -- if all of you could get us a report to the committee what you believe the additional cost of this sequestration will do on the acquisitions process, that would be helpful.

And while you're at it, since acquisition process, period, has been problematic over the past, any changes that you could suggest to the acquisitions process that could help bring those costs to be more manageable in the future would be helpful also.

Thank you, Mr. Chairman.

YOUNG:

Mr. Ryan?

RYAN:

Thank you, Mr. Chairman.

Thank you, gentlemen -- a chilling hearing that we're having here today, just where reality is coming home.

I'd first like to just thank General Amos and General Odierno for a program that -- both in the Army, U.S. Army, 25th Infantry Division, and in the Marines, the U.S. Marine, 1st Marine Expeditionary Force, are doing with the Mine Training Institute. It's an amazing program that I've been working very closely with, and I think it's something that can help build the level of resiliency that we need in our troops to prevent them from really experiencing the kind of trauma that they carry with them throughout, dealing with it at a very, very early stage. So I want to -- I want to thank you for that.

I think it's a wonderful program and look forward to continuing to work with you, giving these young men and women the skills they need to deal with these incredibly complex, stressful situations, and deal with it in a way that I think can prevent a lot of mishaps that we all end up dealing with. So, I want to thank you for your leadership there, and General Dunford for his leadership on this program in particular.

General Welsh, I've a lot of members of the Air Force in my congressional district. And you hit a --- hit a nerve when you started talking about the reduction in flying hours, flying hours lost, scaling back training up to two-thirds. And what really hit me was that we will be non-mission-capable by July, if I -- is that accurate? And then it would take six months for us to return back to full capability.

So, can you just make that point again? And let us know and the taxpayer know what kind of costs that we will have to incur to get our men and women back to mission-capable?

WELSH:

Yes, Congressman. This, of course, isn't unique to the Air Force. The problem we have is after we -- we set aside the forces that are committed to supporting operations in Afghanistan, other named operations, some in Africa, counterterrorism support, other things, forces on the Korean peninsula that need to maintain a level of readiness well above where we're talking about, we just run out of flying hours.

And so our combat air forces, our fighter and our bomber aircraft that are not involved in the nuclear mission, will slow down their training starting in March. They'll maintain just basic proficiency in takeoffs and landings, as long as we can stretch the money out.

But their combat capability -- all the different things that they do to be ready for a multi-spectrum conflict, will erode beginning in March. And by 60 days later for most of our pilots, the



pilots themselves will be non-mission-ready and by July, the unit itself -- all the pilots in it will be non-mission-ready. That's -- that's what I'm referring to.

To recover, when we start the next fiscal year, assuming we have the right amount of flying hours for a normal year to keep those pilots continuously ready, that's not going to be enough to recover their readiness. So we'll need more flying hours next year to bring them back up to speed, which will take more training, more demands from instructor and evaluator time. It will take about six months to return the force to readiness and it will have cost some increment -- we are working that number now -- above what we already have in the program for flying hours for next year.

RYAN:

And so if they're not mission-capable by July, so the further out we go, it's...

(CROSSTALK)

RYAN:

... the worst it gets. So will it -- is six months the number to get them back to mission-capable? Or is it -- does that number -- does that length of time get longer the longer they're out?

WELSH:

It extends the longer you go. It's not linear.

RYAN:

So, if we -- if we -- if we ride this thing out until next year or the end of this year, we're talking about having a good number of not just, as you said, in the Air Force, but across -- across the military, of training that needs -- I just think this is a really important point that this -- the longer this goes, the more complicated it gets; the more expensive it gets; and the less ready and prepared we are.

WELSH:

Exactly, Congressman, and the higher the risk. Because I think it's important for all of us to understand that if there is a -- a contingency that occurs, that is beyond what we are operating at in protecting forces now, it's not that the nation is not going to respond; we're still going to go.

The risk goes up because our force will not be as ready and capable of performing at peak levels when they go as they would be otherwise. That's our concern.

RYAN:

I just have one question, and maybe just a couple of you could maybe answer it. And I think it's important with the Air Force; I think what's going on in Asia with the Navy and -- and the reductions that are going to be made there put us at further risk.

The one issue -- and I hope this committee is appropriate -- this is an appropriate question -- on cyber-terror. And my real concern is that as we go through this, that we're still going to be able to maintain what we're doing with regards to cybersecurity.

And reading the paper, we, as Americans, are all realizing now how active and engaged a lot of people are, in our banking system, our military, our government, our financial institutions.

So if anyone who's feeling the spirit to address that issue on maintaining that capability as we go through this budget process.

WELSH:

Could I just make a quick comment at the beginning, and then I'll let Jon Greenert, if he'd like to talk about this, do that.

But one of the things that's important with that critical piece of our force structure that we talked about before, civilian workforce. In the Air Force, 40 percent of our cyber-workforce are civilian. And so, the furloughs affect our capability in that area beginning the first day.

GREENERT:

Our ships and our aircraft are instruments of cyber in that they deliver cyber-effects. And so, if they're not out and about and ready and with trained operators, then what you're losing is arrows in the quiver, if you will.

Now, the quiver itself, that is cyber headquarters and our components therein. We're doing everything we can to hoard money, if you will, to keep that where it needs to be -- to keep them ready.

And so, I'm OK with that. But time is so critical here. As you mentioned before, Congressman, every month that goes by, will we lose opportunities to train, especially flying. But it's also true in cyber and all of our units. It just degrades, and it's harder and harder to get back up that hill.

ODIERNO (?):

We are, (inaudible), you know, as we downsize and as we have budget constraints, we're actually increasing our investment in cyber. I think all of the services are, we're increasing the number of people that will be involved with cyber. We are starting to train additional people now.

That has become our -- one of our very top priorities is to make sure we continue to develop that capability, because of the threat and potential threat to our nation.

So we've -- we've identified that as a key component of our future strategy. But it's at a cost, because as we increase there, we have to take from somewhere else in our already declining budget environment.

But we have defined it as important enough right now that that's one of our priorities, and we're going to continue to invest, and, in fact, increase our investment.

RYAN:

Even within the sequestration?

ODIERNO (?):

Well, yeah. Even within sequestration, we're moving forward with increasing our investment because of the criticality that we believe is necessary in order to protect ourselves (ph).

RYAN:

Would there be more of an increase if -- without sequestration? Or (inaudible)?

ODIERNO (?):

I can't answer that right now. I think -- I think -- I think what'll happen right now is we had kind of agreed to do this prior -- as soon -- at the time we agreed to this increase, we weren't sure sequestration was going to happen. So what I guess is going to happen is sequestration will delay the implementation; it will not eliminate the implementation of our increased emphasis and investment in cyber.

AMOS (?):

The mechanism of sequestration, we can't fence it off. It's -- it goes to every single program, except personnel. But if we have the means to reallocate money, then we can get to -- what Ray just said, get back to that priority program.

RYAN:

But even if there's an increase, but the -- the ships that are needed as a component of the program, it will still be affected.

GREENERT:

That's right, Congressman. I mean, it limits our cyber-options. Again, they're instruments of cyber as well as doing other things. So in my world, that's an impact.

RYAN:

Thank you.

That's my concern, Mr. Chairman, if something happens here, they're going to look at us and say what were you -- what were you all doing?

YOUNG:

That's a very good question.

RYAN:

Yeah.

(LAUGHTER)

(CROSSTALK)

RYAN:

Thank you, Mr. Chairman.

YOUNG:

Thank you, Mr. Ryan.

Mr. Bonner?

BONNER:

Thank you, Mr. Chairman.

Gentlemen, I was at Camp Pendleton a few days ago. And one of the generals there, and I won't call him by name, but he was echoing the concern that Mr. Crenshaw raised about the maintenance issue.

And his analogy was one I think many Americans can understand. If you go out and buy a new car today, and you don't change the oil on it, you can probably run it for three or four years and it will be -- it will still run. It's not advised to do that. But in the out- years, the longer you own it, the more expensive it is. You've all echoed that to some degree.

And what I'd like to go ask, and correct me if I'm mistaken, but the information that I read in the testimony was the Navy plans to cancel the depot maintenance and repair of all ships currently planned in the third and fourth quarters of this fiscal year -- and that would mean 25 ships that had been scheduled for maintenance availabilities will not be included in the repair facility.

If I'm correct in that, I guess the question is, given that there would be no direct readiness impact, did you consider -- and I know this is small change to the billions we're talking about -- but did you consider delaying the induction of the USS Enterprise defueling as a part of your budget considerations?

GREENERT:

We did, Congressman. And if we can get the authorities that we've been discussing here, that's certainly something the secretary and I will talk about, split funding, if you will, and using the asset in '13 to get to buy back this maintenance. And then we'll check out '14 when we can. But it's lost opportunity. We want to get it back.

BONNER:

Well, and then that goes to my second and last question, although I've got many others that I'll submit for the record, Mr. Chairman, as I'm sure many of us too.

But in many ways you've all painted a grim picture. And, as we say in the south and in other parts of the country and before this committee. you're preaching to the choir.

We're all distressed and concerned with you about the impacts of both the C.R., as Chairman Rogers outlined, a solution that we're trying to work through the House, don't know whether we can get it done, don't know what the Senate will do, and really don't even know what the president will do.

Whether you voted for the Budget Control Act, as some did, or you voted against it, or you're the president who signed it into law, we all have a responsibility. And we've -- we've seen that deficit clock continue to go up and its impact on our nation and her position of strength.

I guess the question I would have to each of you -- and I'm not trying to draw you into a political discussion here. But, respectfully, given what we have discussed today, given the consensus that you'd like more flexibility in the C.R., and I think most everyone here has indicated their desire to give that to you, is there anything that you could recommend to the commander in chief that he could do to minimize the effects of sequestration and that he could do to help, with his signature, in a continuing resolution or some type of instrument to get us through the balance of this fiscal year to give you the flexibility that you're asking for, that many of us would like for you to have?

AMOS:

Congressman, in -- in our dealings with our commander in chief, he's made it clear, personally in front of -- certainly in front of me -- that he doesn't support this and he wants to do everything he can to avert sequestration.

And I -- without getting into the political parties here, I -- that's what I see. And -- and -- and I don't have the benefit of the day-to-day interactions, but that's what I see. And that's what I've seen in the press of late, is that our president doesn't want this to happen. He understands -- he understands the impact.

So I -- I mean that's -- that's -- that's just firsthand, limited knowledge.

BONNER:

Well, General, I'm not disputing you. I'm just saying, if -- I haven't met a single member of Congress, Democrat or Republican, that likes sequestration.

And taking your assessment and taking the president at this word, he doesn't like sequestration. You don't like sequestration. I doubt if we asked for a show of hands in the room if anyone likes sequestration. And yet, it is upon us.

And that's why I asked the question. I'm not trying to draw you into a political debate, but you may have an opportunity that -- you know, we pass legislation, but in order for it to be signed into law, it takes both branches of government to work hand-in-hand on that.

So I -- I just would welcome any input you could offer at the appropriate time, if given the opportunity, through the chain of command, through the secretary of defense. He has been outspoken against sequestration and has articulated that.

Well, but I do think we all bear some responsibility to try to avoid the devastation that you're presenting to us today. And I thank you.

Admiral, did you want to add anything?

GREENERT:

Well, the only thing I'd add to what General Amos said, I agree with him, we went through great pains working with the Secretary of Defense to ensure the President understood the impact of sequestration.

But there are two instruments here. There's sequestration and continuing resolution. And together they're very debilitating.

So I would just share, I'm unaware of an executive order or anything that we could ask the President to do something about the continuing resolution. I, frankly, am ignorant of that particular matter.

BONNER:

Thank you, Mr. Chairman.

(UNKNOWN)

(OFF-MIKE)

COLE:

Thank you, Mr. Chairman.

COLE:

And thank you, gentlemen, for your service.

And I'd be remiss, General Odierno, if I did not extend General McDonald's (ph) warm regards to you. He told me to do that, so I want to do that.

I have -- we've talked a lot about the -- the damages, obviously, that sequestration, the C.R. inflict upon the force. I would like to pull you back a little bit and ask each of you to think strategically and globally about what -- the impact this has for the country in its ability to project power and preserve stability around the world.

At a hearing last year, General Welsh, your predecessor described with great pride, you know, what the Air Force had accomplished in Iraq and Afghanistan, and then, almost on the fly, in Libya and the extensive operations that have gone on to help our friends in Japan and their crisis.

And I asked him, given the cuts of last year, that we were talking about and you were all were adjusting strategy (ph), will you be able to do that again in two years? He said, "No, you know, we might be able to do two, or two and a half, maybe three. We certainly can't do all four things again, because we won't have the capability to do that."

Now we're talking about something on top of that. So I would like each of you just to tell us, insofar as you can, the things you won't be able to do that we take for granted that you -- because you've done it so well for so many decades.

And one last point, and I'll wait for the response. Great book by a guy named Robert Kagan called "The World America Made." It's only about 140 pages long -- absolutely terrific read about the extraordinary things the United States of America has accomplished in the world since the second World War, and how we're all freer and more secure, not just as Americans, but how the planet has moved broadly in the right direction, democratic governments, open markets, really good things. And he credits the American military with tremendous part of that accomplishment, because it's been the great maintainer of peace, not just the winners of wars, but the maintainer of peace. And so, again, we're going to diminish that capability pretty substantially if we don't reverse ourselves.

So, again, if you could tell us some of things you're not going to be able to do that you're -- we're used to your being able to do almost without reflection on our part.

(UNKNOWN)

Well, if I could, Congressman, first, you know, one of the things I talk a lot about is (inaudible) you just mentioned it, is about preventing conflict. It's about us providing the capabilities to our combatant commanders to shape their operational environment that allows them to prevent

conflict in the future. And we'll be able to support that, but we will not be able to support that at the same level that we do today as sequestration goes into effect.

The other thing we -- we lose is capacity. And when you lose capacity, you lose some capability to deter if people don't think you can respond -- if you can only respond to a -- a small number of -- of contingencies, for instance. And that's, as an Army, what I look at. It's about -- and it's about having the right capacity that will deter others from making miscalculations.

And -- and so what I worry about is, as we move down to sequestration numbers, do we move below a level that now does no longer deter our adversaries or others that might miscalculate and attempt to do things that have an impact on our own security. And that's one of the things I worry about.

## GREENERT

The -- as I was talking to Congressman Crenshaw earlier, I -- I laid out the global force management allocation plan. And that's our work in the Department of Defense from the Navy's perspective, and the Marine Corps, to be where it matters and to be ready when it matters, so if something happens, we're there right away.

And the second piece, for us, is to be able to surge, to respond and backup, if you will, a situation out there. And, for us, it's being able to get carrier strike groups there within 30 days. And, today, or let's just say before, we were able, in the last three years, to put three carrier strike groups out and about the world and have three more ready to go within 30 days. We're going to be down to two and around the world with one able to surge, the rest, not ready, and half of the ten combat ineffective.

That's a new world for us. So, whatever mechanisms we can put in place to help, we're out of balance in operations in the Navy -- we have to get that balance back between the forces we have and the readiness that they have to respond. So it's being where it matters, and that won't be in SOUTHCOM, won't be in AFRICOM, it'll be less in Central Command, less in European Command and less in Western Pacific and that's new to us.

## (UNKNOWN)

Congressman, the -- right now, today, we've canceled our exercises in the southern command area of operations of central America and South America. We've canceled all our NORTHCOM exercises and participation. We've reduced 30 percent of our exercise support in the Pacific AOR and yet that's the area that our nation is elected buyer strategy to reorient to.

So that's -- that's some of the near-term impacts. But -- but for us as a Navy-Marine Corps team, we're the hedge against uncertainty. That's what we do. I mean, we are forward deployed, forward engaged. We're an insurance policy. You don't know what the world's going to unfold



out there, but -- but you buy an insurance policy, either health or life as a hedge against the unknown.

That's what Jon Greenert and Jim Amos' forces do. We are that forward deployed force. We're out there engaged. We're dealing. We're building partnership relationships. Relationships count. We won't be able to do that to the degree we're doing it today. I've got a whole host of things since 2010 that the Marines and the Navy team have done. I won't -- I won't go through that with you. But specific things, like to take down the Magellan Star, the Pakistani flood reliefs, the operations in northern Japan to help our friends and allies up there after that terrible earthquake and tsunami, the Philippines, Haiti, combat operations in -- in Afghanistan.

We're going to be limited on what we're going to be able to do. This time next year, we will have not deployed, if -- if things continue the way -- we will not have deployed two Marine expeditionary units. And that's the Navy and Marine Corps team. That's a total of six ships, 5,000 Marines and sailors out there doing the operations around the world. We won't be able to do that.

So the last point I'd make is, when things happen around the world, and we need to be globally engaged in leading as a nation, we won't have built those relationships. We -- you can't surge trust in the middle of a crisis. You can try, but it's very difficult to surge trust. We won't have that.

And, lastly, we're a global leader. We're a global nation. I said it in my opening statements. We have a responsibility to, not only the global economy (ph), but the global peace and -- and environment. And -- and that will be severely affected.

WELSH (?):

Congressman, the Air Force provides vigilance, reach, and power for the nation. That's -- that's what we offer, in support of our other services sometimes, and sometimes on our own in support of national decisions.

The abrupt and arbitrary nature of these cuts related to sequestration have affected our ability to do that already. And if sequestration takes effect, it'll have a more dramatic impact on those areas, except the ones we are prioritizing because of the current contingencies or current fight (ph).

Strategically, Congressman Crenshaw referred to this earlier. There will be a decreased presence over time. And in this business, quantity does have a quality all its own. I don't care how capable your platform is, it can't be everywhere. And the fewer you have, the fewer places you can be. That applies to all our services.

Impact on national security is actually pretty simple. It limits options. So the nation has to decide what options it wants to be able to preserve. And then we'll build a military and a strategy to preserve those -- not our decision. We just execute the decision.

And then, finally, I am concerned strategically, if this happens with our ability to connect with the American people over time. We already have difficulty with that because of the lower and lower number of people who have served in our volunteer force. That will get worse if more and more military infrastructure units get smaller. Our services get smaller. Our Guard and Reserve will get smaller, accordingly, and that connection to the mainstream of America will get tougher to maintain.

Over time, that could affect the quality of the force we have now, and that would be catastrophic.

GRASS (?):

Congressman Cole, of course, you know we have a dual mission, both to -- to augment and support the Army and Air Force on the federal mission, and then supporting the governor's in the states. If we go back to before 2001, many of our Guard units were, as far as fully modernized units, were probably at about one third of what they were expected to be. Because of investment by the Army and the Air Force, the Guard now today is much, much better than that. And we can deploy a lot quicker.

I'm very much concerned that with full sequestration, that we're going to go back to that more strategic reserve, and at a time that a nation can't take risk in that strategic reserve because the active forces will not be as modern and ready as -- as needed.

On the homeland side, we're just now getting to a point with Administrator Fugate, DHS, Joint (inaudible) at NORTHCOM. We're working very closely with the Department of Defense and looking at how we respond to complex catastrophes, seven to 8.0 earthquake with the U.S. no notice. We are not ready for those today. And we're making plans. We're working. We're looking at the 10 essential capabilities that the governors will need at that time.

This will set us back in that planning, sir.

COLE:

Thank you.

Thank you, Mr. Chairman.

YOUNG:

Mr. Owens?

OWENS:

Thank you, Mr. Chairman.

I want to go back to a topic that's been debated, to some extent, throughout the hearing, and that's the reallocation and the reprogramming. Each of you seem to call upon that as something you'd

like to have. Is that a short-term strategy? If I reallocate and reprogram for this year, does that put me further in the hole next year? And, if so, what steps do you take to deal with that?

ODIERNO (?):

Congressman, what I -- what I would say is first, there's -- there is a short-term reprogramming issue in '13 with the continuing resolution.

OWENS:

Mm-hmm.

ODIERNO (?):

But, in reality, what we need is, we need to put a -- we need to be able to put a long-term plan together. And so far, we've not been able to do that, because we have not had budgets pass that allow us to do this. And I worry about that.

So with reduced resources, we have to be able to make the most out of the resources we have. And, if -- if we don't get appropriations, if we don't -- if the appropriate defense authorization acts, then we are not able to do a plan that makes -- allows us to make best use of the dollars available for us to build a program for our services.

And I'll speak specifically for the Army as we look at how we want to build the Army with reduced resources. So we haven't been able to do that yet. And it's -- it's starting to grow concerning to me. I'm worried now we're going to push it into '14.

And now, because of the problems we're having with arguments over sequestration and other things, will we get a '14 budget? And if we don't get a '14 budget, then we -- we're right where we were this year next year. And we wasted another year. We're spending more money. We're not able to do -- to plan properly, do the things that we think are necessary. That -- that's what I worry about.

OWENS:

But, in terms of this reprogramming and reallocation issue, if you had the ability to do that today, that still does not really resolve your longer-term problem of building a plan based upon a reduced budget.

ODIERNO (?):

And -- and, in fact, it only serves one third of my problem this year. And that's -- that's...

OWENS:

Right.

ODIERNO (?):

... \$6 billion out of the \$18 billion.

OWENS:

OK.

GREENERT:

Congressman, in my world, I'm out of balance. I mean, I have an \$8.6 billion shortfall in operations with roughly half the year to reconcile that. And in the investment accounts, I have money, because it carried over from '12, more than what I would want to spend investments on, in my request.

So, step one, we need to get in balance, I'll call that. And that is one mechanism. A bill would be best. But number two, time is so critical because every month that we say we reduce the burn rate, if you will. We hold. We just don't spend it, that's an opportunity lost. That, as we talked about maintenance, that's going to come around down the road somewhere.

So there's a time element. There's a balance element. Once we can get that taken care of, as General Odierno said, then we can focus on '14 and '18, whatever the will and the direction is on fiscal levels, we just wanted to be clear what that might be as we move ahead.

AMOS:

Congressman, everything that my two colleagues have said is -- pertains to my -- my sense of -- my piece of the world as well. But also a short answer to your question is you're absolutely right. For instance, I'm taking money right now out of facilities maintenance. Congress has been generous enough to give me about \$3 billion worth of new construction in barracks over the last probably seven or eight years. For the first time, we've moved into the best barracks Marines have had since 1946.

So it's -- so the maintenance of those facilities is pretty important to me. We're taking money out of the maintenance of those facilities and back to the idea of the car and running it for three years without changing oil is exactly what's going to happen. So there is a piece of this that I'm -- that you're absolutely right. I'm harvesting money out of accounts out there -- depot-level maintenance, aviation and ground equipment -- so that I can pay for readiness.

But it's important for me right now because that's -- that's what we do for our nation is we have to be ready. But you're absolutely right.

WELSH:

Congressman, we deferred almost between \$450 million and \$500 million worth of infrastructure projects just because we don't have the money in the right place to move forward and the C.R. doesn't match -- doesn't allow us to use what we wanted to do in '13 to get this done -- project that make sense that you fully supported here in this committee.

Long term, you are absolutely right. What we really need is a string of reliable topline numbers, so we can get after the problem of planning for whatever the future holds. I think all of us are ready to just say give us a number and let's get going.

OWENS:

OK.

WELSH:

We can -- we can debate the impact of this. We understand this now. We took a really hard look at this, but where are we doing is important to all of us.

GRASS:

Congressman, major impacts on the guard today are getting equipment, getting units, getting the infrastructure in place for modernization for new units moving in. General Welsh and I have been working through the '13 budget on the Air Force and we have a plan that we want to go ahead and make moves.

Some of the moves that actually are planned for '13, some of those date back to 2010 and 2011. We don't have the money to actually even go in and change the facilities to accept the new equipment. So it just continues to compound and delay our ability to get ready for the future.

OWENS:

Thank you very much.

I have one other question. I hear from the folks at Fort Drum, which is in my district, great concern about particularly mental health issues and the, if you will, the understaffing that exists both at the military and the civilian level. And you've all indicated a strong concern about the civilian workforce and how important it is to each of your operations in different ways.

Where -- where do you think sequestration is going to hit in the mental health arena? And how much damage is that going to do not only to active duty folks, but also to the military families?

ODIERNO:

Thank you, Congressman. We have two problems. One is before sequestration, we allocated the dollars and positions to increase military and civilian mental health providers. The problem is there's not enough out there. We weren't able to recruit enough to fill the positions we have.

Now -- now what's going to happen is we're going to have to reduce the ones we already have. And so we're going to compound the problem, potentially, over time. And I'm very worried about this, because we see this as a long-term issue for the Army -- at least another 10 years, if not longer, that we'll have this, and also working with V.A.

So, we're -- we're doing everything we can to hire as quickly as possible to get the right people, but frankly there's just not enough qualified people yet to do that. And as I said, with sequestration, we're probably going to lose some positions, which will also cause us some issues as we go down the road.

OWENS:

Thank you. Thank you very much.

I will tell you that you have my support on the reprogramming issue. If we can figure out a way to get that done, if we can't solve the overall problem. And also understand the difficulties you go forward with without a top line.

YOUNG:

Thank you, Mr. Owens.

Mr. Womack?

WOMACK:

Thank you, Mr. Chairman.

And in listening to this two-hour-plus conversation today, it's obvious to me why the gentlemen before us are -- have been selected the positions that they hold -- a lot of wise counsel up here. And I hope America is paying close attention.

I'm going to confine my couple of questions -- my limited time here, to what I call the A.C.-R.C. mix. And realizing that we've asked a lot of our reserve component structure since the war on terror began. And I think they have acquitted themselves quite nicely in the conflict over the last decade-plus.

So -- so my question is, in this new sort of fiscal reality that we're in, given the fact that it is not a very temporary situation, trillion-dollar deficits would cause anybody to understand that we're looking at a long-term process here to climb out of.

What -- are we satisfied with the present active-reserve component mix? What effects will this new fiscal reality have on that mix, and specifically, through the Army and the Air Force?

And General Grass, I'm interested in your comments.

GRASS:

Well, first, Congressman, thanks for the question. And you're right about your assessment of what's happened over the last 10, 12 years. I think the way we proposed building our Army proved itself over the last 10 or 12 years. The fact that you have to have an active component that's very responsive, more ready, able to respond quickly. And you have a National Guard who is ready to continue to provide us depth and capability to the operational force, that allows us to conduct extended operations.

And so in my mind, you have to sustain that balance. So you need enough active component that allows you to respond quickly, have higher readiness levels, and which also then allows the National Guard -- that takes more time because we're not investing quite as much in their training, because they're part-time soldiers. And so, we've got to continue to figure out what that right balance is.

I just remind everybody that if we get out of balance, if we have too much active component, not enough reserve component, it will be too expensive for us to sustain. But if we have too much reserve component and not enough active component, the readiness levels will not be sufficient for us to meet the needs of the future.

So as we move forward, we've got to constantly look at that mix. And we've identified that because in our initial cuts, we've cut majority -- a large majority have been active component cuts because that's what grew to support Iraq and Afghanistan. And my guess is if sequestration goes into full effect, you'll see probably a bit more active component cuts than reserve component cuts as we go through this, but I'm going to have to sustain that right balance and mix in order for us to have the ability to respond and have the right readiness levels, as well as sustaining the operational reserve capability that we need from a federal force.

And also we have to take into consideration what is needed for each state governor in order to meet the needs internal to the state with the National Guard. So we've got to figure out all those factors. But I think we have the right way ahead as we work our way through this.

WELSH:

Congressman, I'm not happy with it going forward because I don't know what it needs to look like. I don't know what the Air Force is going to look like going forward yet. Like Ray Odierno, I believe that the mix we've had for the last 10, 12 years has served us very, very well. Your acknowledgement of the performance of the guard and reserve is absolutely accurate. They do fantastic work every single day. We can't have a strong Air Force without a strong reserve component. It's impossible. And the opposite is true as well.

Going forward, we have established a task force on the air staff now under the secretary's order to look at options for the active ARC (ph) mix. It's a three-headed monster. It's got a two-star

general from the active component, one from the reserve component, one from the guard component. It's also advised by a couple of state adjutant generals. We will report out through Frank Grass and the National Guard Bureau team routinely.

And our intent is to look at what are the options going forward and apply the same analytical tools to each of the options they develop. What's the right force structure mix? Should we put missions in one place or the other? How do you modernize the force? Is it proportional and concurrent? Or is it done in a different way?

I don't know the right answers yet, but by the time we submit the '15 budget, we intend to have them. That group will also advise the Senate commission that stood up to look at Air Force force structure, to provide context for their discussions. But our intent is to develop an independent position that can add to that discussion.

GRASS:

Congressman, first I would like to recognize 460,000 Army and Air Guardsmen that do great work today. Today, there's about 35,000 somewhere doing some mission; about 5,000 of those in the homeland. The rest are either deployed or getting ready to deploy.

And we've created a force that's just truly incredible and we want to work very closely with the Army and Air Force and maintain a very ready reserve, ready guard. One of the main concerns we have right now, though, is if we cannot afford the strategy that we've been given to put together, how do you build a force to support that and figure out what the active component and the reserve component mix should be? Without a budget, we can't even move forward to have those honest discussions, and that's what we really need to get at.

WOMACK:

The last question, to be respectful of everyone's time, I understand the pain associated with the furloughing of the -- of civilians throughout our military structure. But there are some civilians in the reserve component structure -- we call them dual- service technicians -- that are impacted. In fact, if I'm not mistaken, these will be the only uniformed members of our forces who will be subject to furloughs. And if any of my colleagues have not heard from their dual-service technicians already, they will hear from them very shortly.

Are -- are you working with the states adjutants general to give them some flexibility so that they can maintain their level of readiness, knowing that a lot of these civilian employees Monday through Friday are wearing the uniform on the weekend as part of our reserve component structure?

GRASS:



Congressman, we have discussed this. In fact, I was with the adjutants general this morning and I briefed them on the impact. They all know the impact on their states right now. And what we're trying to do right up front is make sure the next-deploying and those deployed and the ones returning, that we take care of those first.

There's also some very strategic missions that we do for the Air Force and the Army that we want to make sure stay at the top priority to make sure that our technicians are there to do the maintenance, administration, the training that they do every day, because they do wear a uniform to work even though they are technicians.

By the 1st of March, the secretary of defense' comptroller has asked us all to provide our exceptions to policy. We're working on input from that right now, but with the -- with the budget cuts we're facing we think those exceptions would be pretty -- pretty thin.

WOMACK:

Well, I am hopeful that we can have a positive resolution given the importance that these dual service technicians have. And Mr. Chairman, I just want to make this last comment.

This committee, as everyone knows, is tasked with appropriating funds for discretionary programs roughly a third of federal outlays. And one of the hallmarks, however, of our military has been its ability to plan beyond say the next generation.

And unlike any other federal program that we find, this organization, that the -- that represent the -- the organization these gentlemen represent have to have the capacity to look into the future, because modernization is not an over night exercise, nor is the professional development of the men and women that we're going to ask to be fighting the next conflicts.

In fact, a lot of those kids are in the third and fourth grade right now, and in a few short years based on decisions that will come out of this Congress, we will severely impact the capacity of those elementary school age children today to be able to lead our men and women into battle in the future.

So, this is I think Tim said it earlier, this is chilling testimony that we're hearing today. And I sure hope that our country is paying close attention because the outcome could be devastating.

And I yield back my time.

YOUNG:

The plan now is we're getting close to the end of an exciting hearing.

We are ere going to go next to Ms. Kaptur, and then Mr. Visclosky, and then the chair is gonna have one last final question to ask of our distinguished witnesses.

Ms. Kaptur?

KAPTUR:

Thank you, Mr. Chairman, very much.

And I want to thank all of our military leaders who have come here today. Thank you for your valorous service to the people of our country and freedom's cause. You know how much the American people think of you and your service.

You could not manage your department without regular order. And unfortunately you are being subjected to a set of decisions that result from very irregular order here in the Congress. And I want to thank our chairman for bringing us together on this subcommittee to try to reinstitute regular order of this committee so that sound decisions can be made for today and tomorrow.

We will never balance the budget of this country and pay down the long term debt without full employment. And when you've got 7.8 percent hanging out there, and many people unable even when they're working to earn a living wage, I don't care how much you cut, you're not gonna be able to meet the bottom line.

And so what's happening is that your programmatic budget for necessary spending for our country our being invaded. It is really a sad day for our country but -- and a sad period that we're living through, and we all have to get through this together, but it's probably important to put on the record upwards of half of the members of Congress have served here I think less than six years. Somebody gave me that number the other day.

So imagine those in your top command had less than six years seniority with no service on budget committees, no service on committees that deal with revenues so we have a -- a challenge of our own inside this institution.

Let me also say that in trying to send -- trying to balance the budget and look at who's not paying their fair share, I just want to state for the record that I represent lots of businesses who pay double the rate of Wall Street hedge funds, our businesses pay over 30 percent in Ohio. Under corporate income tax, hedge funds 15, why should that be?

There's been no criminal prosecution of those who lead us into this financial crisis. No criminal prosecution. And we could be yielding tens of billions of dollars back to the people of this country. Offshore tax havens where very large companies and interests hark their money, and that's not even a part of this discussion.

What's part of this discussion, General Grass, is taking away medical and dental benefits to those in the Guard, in Reserve, to which I take personal offense at, because why are their lives less important than any other soldier that serves our country.

And so we look at pharmaceutical companies who aren't willing to allow competitive bidding, the government of the United States, to ask for competitive pricing. And we've put billions out the door. Meanwhile, you're probably burning the midnight oil trying to figure out how you're going to maintain readiness, as each of you have stated, and cut into your respective services.

I'm actually embarrassed that the process of the internals in this Congress have forced you to waste time on this, because you've got other things to worry about. So we have to get back to regular order in this institution. We have to have pro-employment growth budgets in order to dig out of the deep hole that we're in.

Meanwhile, if I'm to summarize quickly what you've said, General, the totality of what you've all said is that, we will have over 737,000 civilian employees who are going to pay the price -- part of the price of balancing the budget. And these are not people who earn a lot of money. They're gonna have their pay cut -- 20 percent pay cut. What's fair about that when Wall Street hedge fund managers are feeling really good and probably got seven boats now and many houses around the world?

General Odierno, you've said there will be 251,000 civilians furloughed in the Army, and you have a shortfall of \$18 billion for this fiscal year. Admiral Greenert, you've said you have \$11.2 billion shortfall, and there'll be 186,000 civilians that will have that pay cut. General Amos, you talked about \$1 billion more in cuts facing our brave Marines.

And General Welsh, you've said there'll be 180 civilians in the Air Force with a \$12.4 billion shortfall. And then General Grass, you've said 115,000 of those in the Guard and Reserves will lose their annual medical and dental care, reducing Guard and Reserve to a 39 percent readiness rate.

KAPTUR:

Thirty-nine percent? How can we be proud of this? You're being forced to make these tough decisions, but look who's paying the price.

I wanted to ask, as you've gone through this terrible budget process inside of your respective services, may I ask each of you just to state for the record what has been the most difficult part for you? What do you -- you've each talked about readiness and what this means long term.

What has been really difficult for you, A, the time you've had to spend on it, what a shame that is. But what -- what really has been difficult?

ODIERNO:

Well, for one thing, Congresswoman, there's no good choices here. There's -- there's no good solutions.

And for me, it goes back to what I said earlier about, you know, we talk all the time we want to keep faith with our soldiers in the Army. And I think it's important for me we do that, but I think you have to be questioning us on some of the things that we're being forced to do here, at least this fiscal year.

The fact that we're reducing help for their families on our installations, the fact that they might not be able to train to the standard they need to be trained at in order for them to be ready if we ask them to deploy.

That's not keeping faith with our soldiers. And to me, that's what bothers me the most about this process. Because it's about them. It's about our men and women. It's -- everybody talks about taking care of soldiers. In my mind, do you know how you take care of a soldier the best, is that when you ask him to do something, they are the best-trained, best-equipped person, and they go and they come back. That's what I owe to our soldiers.

And right now, I can't say that I can do that to every one of our soldiers. And that bothers me.

KAPTUR:

And I know what a great job you do. Thank you.

Admiral Greenert?

GREENERT:

There's some that think that a lot of our civilian force are here in the Washington area, when actually it's a very small percentage.

So I worry about a kind of a split. You know, we're teammates, and I'll tell you what, 9/11 really brought us together. Since 9/11, you know, in the Navy for sure, we have been closer than ever in my career -- ever.

And so, now they become --as you articulated very well, ma'am, they're paying a price. And it bothers me big time that we have to do that, that this is sort of self-inflicted.

Number two, I'm looking for the strategic horizon here, and General Welsh mentioned it earlier, so that actions I take today, how do they affect and how do I make this coherent toward a strategic horizon? Kind of like, give us the numbers and let us work this from now to the future is kind of the -- that's spinning around in our thoughts.

And then, lastly, what is truly reversible? Actions that I would take today, and I say, you know, if I can figure this out, maybe I can buy that back later and it won't be debilitating, it won't be a lost opportunity.

So describing -- finding what is lost opportunity and what I can recover later if the opportunity presents itself, the action of this committee or the Congress on a bill and reprogramming, that's sorting that out.

KAPTUR:

You know, one of the aspects of this furloughing of nearly three-quarters of a million Americans, this has a price. This is a price inside this economy. It's not going to be positive. It's going to be negative.

And if I look at Ohio, 26,000, minimum, are going to be furloughed, half of those around Wright-Patterson Air Force Base, a part of Ohio that's been hit so hard by the loss of DHL, Carrier and General Electric and other automotive jobs that have been lost in that region.

I've really been wondering about the geographic distribution of where this economic impact will be felt. Of course, no one can tell us, but we know it's going to happen, unless something can be averted this week.

General Amos?

AMOS:

Congresswoman, there are two things, two issues here. One is more strategic, and that's my biggest concern is maintaining readiness. I mean, I use that term and it's the truth.

How do you -- how do you maintain a force that can respond today? And being able to cut Solomon's baby in all the right pieces and all the right proportions and being able to move a lot of that into the readiness accounts for those forces that are -- that are on the edge, the forces that are right there, ready to go and respond.

So that's -- that's probably, strategically, the most persistent problem I have.

Internally, almost spiritually, is the problem of uncertainty inside -- inside the Marine Corps. The uncertainty with my civilian Marines. You've talked about 20 percent -- a 20 percent pay cut. You know, I've got 20,000 civilian Marines, who come to work every single day, as Jon Greenert said have been faithful employees.

They're not sure what's going to -- they don't -- you know, they'd probably OK, if they just knew that it was going to end at the end of this year. They don't have any idea what's going to happen next year.

So -- it's not just them, it's my young enlisted Marines that are wondering -- the ones that are in Afghanistan, I just got back two weeks ago. And the questions were, "Hey, sir, is there going to be a Marine Corps for me to be able to be a part of over the next five years, 10 years, you know, 20 years?"

So it's the young enlisted Marines that want to know about the future of the Corps, the future of our nation.

And then my officer corps is exactly the same way: "Is there going to be room for me? Am I going to be competitive? Am I going to be able to stay in this organization that I've dedicated two or three combat deployments to?"

So uncertainty is kind of the spiritual thing that runs through the Corps that is probably my greatest problem.

WELSH:

I love to listen to General Amos talk about the Marine Corps, which is why I'm so proud to have a son who calls him commandant.

Ma'am, I'll tell you, the -- one of the things that is sometimes insinuated is that people who get to senior rank in our military services have lost touch with the younger troops in this business.

I would argue that the people sitting at this table are here precisely because they haven't lost touch. We know the impact to everybody, and we feel it.

These are our -- these are our family. These are our children. These are our people, every one of them.

And we understand the impact this will have on them.

Our job, from a different perspective, is to fight and win the nation's wars. And nobody is going to care how well we treated those people if we lose the next war.

And we're a little concerned about where we're going as a fighting force for this nation. Our people are very proud of how good they are at this business. It's an ugly business, but somebody has to be good at it, and our people are incredibly good at it, in all the services.

They're very proud of that, and so are we.

And right now, our force is in turmoil. We're not proud of that.

KAPTUR:

Thank you, General, very much.

GRASS:

Congresswoman, I think my biggest concern, especially looking at the National Guard being scattered across 3,000 communities where our units are based out of and many more

communities throughout the United States, is the stress that we're going to see if sequestration happens and we continue to draw down our ability to -- to take care of people and also to train.

But the stress on the soldiers, airmen, as well as the stress on the families -- and people in the community won't really understand what's happening.

And we don't know -- after every war we've had medical issues we've had to deal with; we've had mental issues we have to deal with. We really don't know yet what the impact of 12 years of war on -- even on our Guard forces that have had two, three and four deployments.

So that's my big concern for our people.

Another concern that we have is that you mentioned it, the health care, because there's a fairly high standard of being in the military. And we meet the same standard that the Air Force and the Army prescribe for medical readiness and dental readiness.

GRASS:

When the war started, we didn't have the money, and a lot of soldiers and airmen didn't have the money or wouldn't -- didn't have in a way to do their dental checkups, to do medical surgery they may have needed. They just put it off. We had to get that for their deployments.

Today we have a mechanism that we can take care of that for them, and that will go away with sequestration.

KAPTUR:

I want to thank you, General.

Mr. Chairman, let me just place for 30 seconds here in the record a finding that came from what we've been doing in Ohio with our Adjutant General Ashenhurst and her predecessors, along with our returning Guard and Reserve troops.

And one surprising finding in terms of, just following on what Congresswoman Granger was talking about, General Odierno, was some of the unusual incidents that have happened inside the services. They have been working with Dr. Castro (ph) and a whole team of physicians from the Cleveland area all the way up to University of Michigan, and found that one of the factors that appears to cause some of the severe behavior, these individuals come from families that have a lot of violence prior to their enlistment. And they have found this is a very serious contributing factor.

I just point that out. You may already know it. But in terms of recruitment screening that's done, this has proven to be a really extraordinarily important fact (inaudible) what happens before they come to the military and (inaudible) military service.

So I thank you very, very much.

(CROSSTALK)

YOUNG:

Thank you, Ms. Kaptur.

We -- we're -- have now gone over the time that we had allocated. But that leaves time for Mr. Visclosky, who is now recognized.

VISCLOSKY:

Thank you very much, Mr. Chairman.

Gentlemen, I'd like to ask a positive question as far as trying to prevent some terrible things from happening. We do not have a 2014 budget, and there's been a lot of discussion about the inability to plan -- and sequestration begins on Friday.

General, you mentioned, you have a C.R. -- all of you in a different fashion over a number of questions said you only solve part of the (inaudible) here.

If instead of a C.R. for six months you had an underlying bills (ph) Congress did its work, or you had a defense appropriation bill, obviously, you still lack a (inaudible) bill, you still have sequestration. Can you give some examples of how things would be better if we in fact did a bill? How does that help you? How does that help our country?

Any of you and all of you don't have to answer. I know the chairman...

(CROSSTALK)

AMOS (?):

Congressman, I'll just throw a couple of figures at you. Number one, we get a multiyear contract for B-22, which is built in Texas out at Amarillo. It has fingerprints on our H-1 program, our Hueys and Cobras. It has fingerprints on the H-47 because there's shared touch labor. But -- but the B-22 multiyear will save a billion dollars -- \$1 billion -- if I have the authority to actually sign a multiyear contract today. So that's one thing.

I've got \$730 million worth of military construction money. It's there. It's not money that's been taken, but it's sitting in military construction accounts and they're to build facilities in places like Kaneohe Bay, Hawaii, for MV-22s, Joint Strike Fighter accommodations, cause they require a particular kind of hangar and security, in Beaufort, South Carolina; barracks for Marines -- to complete the barracks (inaudible) \$730 million.



So there's just two examples of where if we had -- if we had transfer authority and the ability to be able to sign multiyear contracts this year if we had a budget, we'd be able to save that much money and be able to get on with it.

On the MILCON, there's every chance that -- that if that doesn't -- if we don't -- if we stay in continuing resolution and I can't execute those contracts, and I'm all set to go, that money goes away. I mean, I have no expectation that in F.Y. '14 I'm gonna find another \$730 million on top of what my other F.Y. '14 (inaudible). And they'll be other five or six years before I can go back and regenerate that. So there's two examples.

VISCLOSKY:

So we're talking new starts. Again (inaudible) mentioned a lot of those, Commandant. So I don't know how many there are, but there's like hundreds of things that we would want to get started. So rather than writing anomalies over and over and over again, we can just do it. Time is so critical because of lost opportunities, and that would eliminate that temporal factor of, like I said, lost opportunities because we're holding back expending resources trying to get through a C.R.

The multiyear -- the commandant mentioned, we have (inaudible) ships and aircraft. And I won't give you the numbers to bore you (inaudible) quantity increases can (inaudible) we can just carry on instead of trying to spend all this time hoping we capture all of the anomalies that we (inaudible).

(UNKNOWN)

Sir, we have things in the same category. It's all the same stuff, just has different names.

(UNKNOWN)

Congressman, we have 40 MILCON projects today we'd like to get started on if (ph) we can for the same reasons.

VISCLOSKY:

How come your name plate's larger than the others (inaudible)?

I'm done. Gentleman, all of you, thank you very, very much.

Thank you (inaudible).

YOUNG:

Thank you, Mr. Visclosky.

The chairman yields to himself for one question.

This is serious. No one wants to be credited with creating sequestration. And that's pretty obvious. And it's pretty obvious why no one wants to be credited with creating this sequestration.

What I would like to know is, as service chiefs, were any of you tasked by anyone at the decision-making level, whoever made that decision, as to what the effect would be if in fact we created this thing called sequestration? Were -- were you called? Did you talk about it in the Tank? I'm sure you did.

But were you called by higher authorities to say, 'What would be the effect?'

It would have been really helpful if we would have known what -- what you saw that the effect would be before we agreed to sequestration? So what can you teach me?

AMOS (?):

Mr. Chairman, I was the commandant when the bill was passed, and I guess I was the commandant when it was being discussed, but it was never discussed with me and there was never any questions with regard to the impact and potential impact (inaudible) sequestration.

(UNKNOWN)

I think (inaudible) who was the chief at the time when (inaudible) after that. So we weren't there when (inaudible) had these discussions. So I personally can't answer your question.

(UNKNOWN)

Same here, Chairman. I was not in the job.

Subsequent to it, though, we -- we talked about its impact, especially over this past year. And as described earlier we articulated that clearly (ph) to the secretary.

(UNKNOWN)

Mr. Chairman, I also was not in the job. But very clearly (inaudible) Department of Defense (inaudible) about this for over a year.

(UNKNOWN)

Mr. Chairman, I wasn't in the job either, but during our testimony for confirmation with the Senate back in July (inaudible) we did say (inaudible).

YOUNG:

Well, Secretary Panetta was very, very outspoken. And I don't know whether he passed on advice to whoever might be making the decisions at the executive branch or at the legislative branch. I just don't know the answer to that, but I would tell you, anybody who would make a

decision like that, without consulting the top military leaders responsible for providing for this national defense, somebody made a big mistake. Sequestration is a mistake, and there's no doubt about it.

Well, thank you very much. This has really been a good hearing. I know that you have repeated a lot of these issues time and time again. Every time you do it, hopefully somebody else will listen. And as Mr. Rogers said -- Chairman Rogers said that he was on his way to the speaker to see if we could at least give a defense appropriations bill some life on the floor, shy of a continuing resolution. We'll keep our fingers crossed.

Thank you all. If anybody has any -- do you have any closing comments? If not, we will probably adjourn this hearing, and thank you very much.